

HUB LAW OFFICES
Ford Greene, Esquire
California State Bar No. 107601
711 Sir Francis Drake Boulevard
San Anselmo, California 94960-1949
Telephone: (415) 258-0360

Attorney for Defendant
GERALD ARMSTRONG

ORIGINAL FILED

FEB 24 1993

LOS ANGELES
SUPERIOR COURT

SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF MARIN

RECEIVED

FEB 25 1993

CHURCH OF SCIENTOLOGY)
INTERNATIONAL, a California)
not-for-profit religious)
corporation;)

Plaintiffs,)

vs.)

GERALD ARMSTRONG; DOES 1)
through 25, inclusive,)

Defendants.)

No. 152 229

HUB LAW OFFICES

DECLARATION OF FORD GREENE
IN OPPOSITION TO ORDER TO SHOW
CAUSE RE CONTEMPT

Date: March 2, 1993
Time: 8:30 a.m.
Dept: 86

Trial Date: May 3, 1993
Discovery Cut Off: None Set
Motion Cut Off: None Set

FORD GREENE declares:

1. I am an attorney licensed to practice law in the Courts
of the State of California and am the attorney of record for
Gerald Armstrong, defendant herein.

2. I have been the attorney of record throughout this case.
The following documents are true and correct copies of documents
herein and are designated by the following exhibit numbers:

A. Memorandum of Intended Decision, filed June 22, 1984 in
Church of Scientology v. Armstrong, LASC No. C 420153. (Admitted
in evidence, RT 5/26/92 at p.114) ("Amstrong I")

COPY

1 B. Indemnity Agreement, undated in Armstrong I (Admitted in
2 evidence at injunction hearing, RT 5/26/92 at p. 114)

3 C. Partial Transcript of Hearing on Motion for Preliminary
4 Injunction herein on May 27, 1992;

5 D. Partial Transcript of Proceedings of December 23, 1991
6 in Armstrong I.

7 E. Partial Transcript of Hearing on Motion for Preliminary
8 Injunction herein on May 26, 1992;

9 F. Minute Order herein of July 2, 1992;

10 G. Order from Second District Court of Appeal in Case No.
11 B068401 filed 11/20/92;

12 H. Notice of Motion and Motion for a Preliminary
13 Injunction, dated November 9, 1989, filed in Richard and Vicki
14 Aznaran v. Church of Scientology of California, in US District
15 Court, Central District of California, Case No. CV 88-1786 JMI
16 (Ex) (Aznaran) (Admitted in evidence herein, RT 5/26/92 at p.47)

17 H-1: Settlement Agreement of Vicki Aznaran (exhibit to H);

18 H-2: Settlement Agreement of Richard Aznaran (exhibit to H);

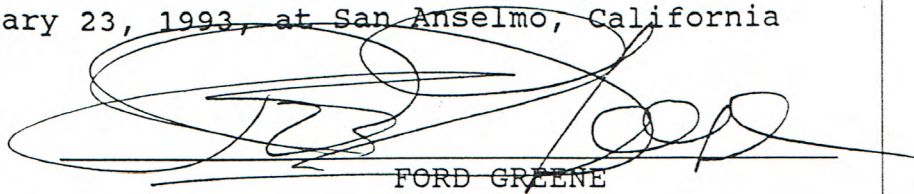
19 I. Declaration of Vicki J. Aznaran executed 8/8/88.

20 J. Order denying preliminary injunction in Aznaran entered
21 1/10/90;

22 J. Excerpts of Deposition of Gerald Armstrong taken July
23 22, 1992.

24 Under penalty of perjury pursuant to the laws of the State of
25 California I hereby declare that the foregoing is true and correct
26 according to my first-hand knowledge, except those matters stated
27 to be on information and belief, and as to those matters, I
28 believe them to be true.

Executed on February 23, 1993, at San Anselmo, California



FORD GREENE

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FILED

JUN 22 1984
JUL 1 1984

Rosie M. Hart
BY ROSIE M. HART, DEPUTY

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CHURCH OF SCIENTOLOGY OF CALIFORNIA,
Plaintiff,

vs.

GERALD ARMSTRONG,

Defendant.

MARY SUE HUBBARD,

Intervenor.

No. C 420153

MEMORANDUM OF
INTENDED DECISION

In this matter heretofore taken under submission, the
Court announces its intended decision as follows:

As to the tort causes of action, plaintiff, and plaintiff
in intervention are to take nothing, and defendant is entitled
to Judgment and costs.

As to the equitable actions, the court finds that neither
plaintiff has clean hands, and that at least as of this time,
are not entitled to the immediate return of any document or
objects presently retained by the court clerk. All exhibits

1 received in evidence or marked for identification, unless
2 specifically ordered sealed¹, are matters of public record and
3 shall be available for public inspection or use to the same
4 extent that any such exhibit would be available in any other
5 lawsuit. In other words they are to be treated henceforth no
6 differently than similar exhibits in other cases in Superior
7 Court. Furthermore, the "inventory list and description," of
8 materials turned over by Armstrong's attorneys to the court,
9 shall not be considered or deemed to be confidential, private,
10 or under seal.

11 All other documents or objects presently in the possession
12 of the clerk (not marked herein as court exhibits) shall be
13 retained by the clerk, subject to the same orders as are
14 presently in effect as to sealing and inspection, until such
15 time as trial court proceedings are concluded as to the severed
16 cross complaint. For the purposes of this Judgment, conclusion
17 will occur when any motion for a new trial has been denied, or
18 the time within such a motion must be brought has expired
19 without such a motion being made. At that time, all documents
20 neither received in evidence, nor marked for identification
21 only, shall be released by the clerk to plaintiff's
22 representatives. Notwithstanding this order, the parties may

23
24
25 1. Exhibits in evidence No. 500-40; JJJ; KKK; LLL; MMM;
NNN; OOO; PPP; QQQ; RRR; and 500-QQQQ.

26 Exhibits for identification only No. JJJJ; Series
27 500-DDDD, EEEE, FFFF, GGGG, HHHH, IIII, NNNN-1, OOOO, ZZZZ,
CCCC, GGGG, IIIII, KKKKK, LLLLL, OOOOO, PPPPP, QQQQQ, BBBB, B,
28 OOOOOO, BBBB.

1 at any time by written stipulation filed with the clerk obtain
2 release of any or all such unused materials.

3 Defendant and his counsel are free to speak or communicate
4 upon any of Defendant Armstrong's recollections of his life as
5 a Scientologist or the contents of any exhibit received in
6 evidence or marked for identification and not specifically
7 ordered sealed. As to all documents, and other materials held
8 under seal by the clerk, counsel and the defendant shall remain
9 subject to the same injunctions as presently exist, at least
10 until the conclusion of the proceedings on the cross complaint.
11 However, in any other legal proceedings in which defense
12 counsel, or any of them, is of record, such counsel shall have
13 the right to discuss exhibits under seal, or their contents, if
14 such is reasonably necessary and incidental to the proper
15 representation of his or her client.

16 Further, if any court of competent jurisdiction orders
17 defendant or his attorney to testify concerning the fact of any
18 such exhibit, document, object, or its contents, such testimony
19 shall be given, and no violation of this order will occur.
20 Likewise, defendant and his counsel may discuss the contents of
21 any documents under seal or of any matters as to which this
22 court has found to be privileged as between the parties hereto,
23 with any duly constituted Governmental Law Enforcement Agency
24 or submit any exhibits or declarations thereto concerning such
25 document or materials, without violating any order of this
26 court.

27 ///

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1 This court will retain jurisdiction to enforce, modify,
2 alter, or terminate any injunction included within the
3 Judgment.

4 Counsel for defendant is ordered to prepare, serve, and
5 file a Judgment on the Complaint and Complaint in Intervention,
6 and Statement of Decision if timely and properly requested,
7 consistent with the court's intended decision.

8
9 Discussion

10 The court has found the facts essentially as set forth in
11 defendant's trial brief, which as modified, is attached as an
12 appendix to this memorandum. In addition the court finds that
13 while working for L.R. Hubbard (hereinafter referred to as
14 LRH), the defendant also had an informal employer-employee
15 relationship with plaintiff Church, but had permission and
16 authority from plaintiffs and LRH to provide Omar Garrison with
17 every document or object that was made available to Mr. ~~Hubbard~~
18 Garrison, and further, had permission from Omar Garrison to
19 take and deliver to his attorneys the documents and materials
20 which were subsequently delivered to them and thenceforth into
21 the custody of the County Clerk.

22 Plaintiff Church has made out a prima facie case of
23 conversion (as bailee of the materials), breach of fiduciary
24 duty, and breach of confidence (as the former employer who
25 provided confidential materials to its then employee for
26 certain specific purposes, which the employee later used for
27 other purposes to plaintiff's detriment). Plaintiff Mary Jane
28 Hubbard has likewise made out a prima facie case of conversion.

1 and invasion privacy (misuse by a person of private matters
2 entrusted to him for certain specific purposes only).

3 While defendant has asserted various theories of defense,
4 the basic thrust of his testimony is that he did what he did,
5 because he believed that his life, physical and mental well
6 being, as well as that of his wife were threatened because the
7 organization was aware of what he knew about the life of LRH,
8 the secret machinations and financial activities of the Church,
9 and his dedication to the truth. He believed that the only way
10 he could defend himself, physically as well as from harassing
11 lawsuits, was to take from Omar Garrison those materials which
12 would support and corroborate everything that he had been
13 saying within the Church about LRH and the Church, or refute
14 the allegations made against him in the April 22 Suppressive
15 Person Declare. He believed that the only way he could be sure
16 that the documents would remain secure for his future use was
17 to send them to his attorneys, and that to protect himself, he
18 had to go public so as to minimize the risk that LRH, the
19 Church, or any of their agents would do him physical harm.

20 This conduct if reasonably believed in by defendant and
21 engaged in by him in good faith, finds support as a defense to
22 the plaintiff's charges in the Restatements of Agency, Torts,
23 and case law.

24 Restatement of Agency, Second, provides:

25 "Section 395f: An agent is privileged to reveal
26 information confidentially acquired by him in the course
27 of his agency in the protection of a superior interest of
28 himself or a third person.

1 "Section 418: An agent is privileged to protect
2 interests of his own which are superior to those of the
3 principal, even though he does so at the expense of the
4 principal's interest or in disobedience to his orders."

5 Restatement of torts, Second, section 271:

6 "One is privileged to commit an act which would
7 otherwise be a trespass to or a conversion of a chattel in
8 the possession of another, for the purpose of defending
9 himself or a third person against the other, under the
10 same conditions which would afford a privilege to inflict
11 harmful or offensive contact upon the other for the same
12 purpose."

13 The Restatement of Torts, Second, section 652a, as well as
14 case law, make it clear that not all invasions of privacy are
15 unlawful or tortious. It is only when the invasion is
16 unreasonable that it becomes actionable. Hence, the trier of
17 fact must engage in a balancing test, weighing the nature and
18 extent of the invasion, as against the purported justification
19 therefore to determine whether in a given case, the particular
20 invasion or intrusion was unreasonable.

21 In addition the defendant has asserted as a defense the
22 principal involved in the case of Willig v. Gold, 75
23 Cal.App.2d, 809, 814, which holds that an agent has a right or
24 privilege to disclose his principal's dishonest acts to the
25 party prejudicially affected by them.

26 Plaintiff Church has asserted and obviously has certain
27 rights arising out of the First Amendment. Thus, the court
28 cannot, and has not, inquired into or attempted to evaluate the

1 merits, accuracy, or truthfulness of Scientology or any of its
2 precepts as a religion. First Amendment rights, however,
3 cannot be utilized by the Church or its members, as a sword to
4 preclude the defendant, whom the Church is suing, from
5 defending himself. Therefore, the actual practices of the
6 Church or its members, as it relates to the reasonableness of
7 the defendant's conduct and his state of mind are relevant,
8 admissible, and have been considered by the court.

9 ...As indicated by its factual findings, the court finds the
10 testimony of Gerald and Jocelyn Armstrong, Laurel Sullivan,
11 Nancy Dincalcis, Edward Walters, Omar Garrison, Kima Douglas,
12 and Howard Schomer to be credible, extremely persuasive, and
13 the defense of privilege or justification established and
14 corroborated by this evidence. Obviously, there are some
15 discrepancies or variations in recollections, but these are the
16 normal problems which arise from lapse of time, or from
17 different people viewing matters or events from different
18 perspectives. In all critical and important matters, their
19 testimony was precise, accurate, and rang true. The picture
20 painted by these former dedicated Scientologists, all of whom
21 were intimately involved with LRH, or Mary Jane Hubbard, or of
22 the Scientology Organization, is on the one hand pathetic, and
23 on the other, outrageous. Each of these persons literally gave
24 years of his or her respective life in support of a man, LRH,
25 and his ideas. Each has manifested a waste and loss or
26 frustration which is incapable of description. Each has broken
27 with the movement for a variety of reasons, but at the same
28 time, each is, still bound by the knowledge that the Church has

1 in its posse. On his or her most inner thoughts and
2 confessions, all recorded in "pre-clear (P.C.) folders" or
3 other security files of the organization, and that the Church
4 or its minions is fully capable of intimidation or other
5 physical or psychological abuse if it suits their ends. The
6 record is replete with evidence of such abuse.

7 In 1970 a police agency of the French Government conducted
8 an investigation into Scientology and concluded, "this sect,
9 under the pretext of 'freeing humans' is nothing in reality but
10 a vast enterprise to extract the maximum amount of money from
11 its adepts by (use of) pseudo-scientific theories, by (use of)
12 'auditions' and 'stage settings' (lit. to create a theatrical
13 scene') pushed to extremes (a machine to detect lies, its own
14 particular phraseology . . .), to estrange adepts from their
15 families and to exercise a kind of blackmail against persons
16 who do not wish to continue with this sect."² From the
17 evidence presented to this court in 1984, at the very least,
18 similar conclusions can be drawn. In addition to violating and
19 abusing its own members civil rights, the organization over the
20 years with its "Fair Game" doctrine has harassed and abused
21 those persons not in the Church whom it perceives as enemies.
22 The organization clearly is schizophrenic and paranoid, and
23 this bizarre combination seems to be a reflection of its
24 founder LRH. The evidence portrays a man who has been
25 virtually a pathological liar when it comes to his history,
26
27

28 2. Exhibit 500-BHHHH.

1 background, . . . achievements. The writ. gs and documents in
2 evidence additionally reflect his egoism, greed, avarice, lust
3 for power, and vindictiveness and aggressiveness against
4 persons perceived by him to be disloyal or hostile. At the
5 same time it appears that he is charismatic and highly capable
6 of motivating, organizing, controlling, manipulating, and
7 inspiring his adherents. He has been referred to during the
8 trial as a "genius," a "revered person," a man who was "viewed
9 by his followers in awe." Obviously, he is and has been a very
10 complex person, and that complexity is further reflected in his
11 alter ego, the Church of Scientology. Notwithstanding
12 protestations to the contrary, this court is satisfied that LRH
13 runs the Church in all ways through the Sea Organization, his
14 role of Commodore, and the Commodore's Messengers.³ He has, of
15 course, chosen to go into "seclusion," but he maintains contact
16 and control through the top messengers. Seclusion has its
17 light and dark side too. It adds to his mystique, and yet
18 shields him from accountability and subpoena or service of
19 summons.

20 LRH's wife, Mary Sue Hubbard is also a plaintiff herein.
21 On the one hand she certainly appeared to be a pathetic
22 individual. She was forced from her post as Controller,
23 convicted and imprisoned as a felon, and deserted by her
24 husband. On the other hand her credibility leaves much to be
25 desired. She struck the familiar pose of not seeing, hearing,
26

27 3. See Exhibit K: Flag Order 3729 - 15 September 1978
28 "Commodore's Messengers."

1 or knowing a evil. Yet she was the head of the Guardian
2 Office for years and among other things, authored the infamous
3 order "GO 121669"⁴ which directed culling of supposedly
4 confidential P.C. files/folders for purposes of internal
5 security. In her testimony she expressed the feeling that
6 defendant by delivering the documents, writings, letters to his
7 attorneys, subjected her to mental rape. The evidence is clear
8 and the court finds that defendant and Omar Garrison had
9 permission to utilize these documents for the purpose of
10 Garrison's proposed biography. The only other persons who were
11 shown any of the documents were defendant's attorneys, the
12 Douglasses, the Dincalcis, and apparently some documents
13 specifically affecting LRH's son "Nibs," were shown to "Nibs."
14 The Douglasses and Dincalcises were disaffected Scientologists
15 who had a concern for their own safety and mental security, and
16 were much in the same situation as defendant. They had not
17 been declared as suppressive, but Scientology had their P.C.
18 folders, as well as other confessions, and they were extremely
19 apprehensive. They did not see very many of the documents, and
20 it is not entirely clear which they saw. At any rate Mary Sue
21 Hubbard did not appear to be so much distressed by this fact,
22 as by the fact that Armstrong had given the documents to
23 Michael Flynn, whom the Church considered its foremost
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4. Exhibit AAA.

1 lawyer-enemy." However, just as the plaintiffs have First
2 Amendment rights, the defendant has a Constitutional right to
3 an attorney of his own choosing. In legal contemplation the
4 fact that defendant selected Mr. Flynn rather than some other
5 lawyer cannot by itself be tortious. In determining whether
6 the defendant unreasonably invaded Mrs. Hubbard's privacy, the
7 court is satisfied the invasion was slight, and the reasons and
8 justification for defendant's conduct manifest. Defendant was
9 told by Scientology to get an attorney. He was declared an
10 enemy by the Church. He believed, reasonably, that he was
11 subject to "fair game." The only way he could defend himself,
12 his integrity, and his wife was to take that which was
13 available to him and place it in a safe harbor, to wit, his
14 lawyer's custody. He may have engaged in overkill, in the
15 sense that he took voluminous materials, some of which appear
16 only marginally relevant to his defense. But he was not a
17 lawyer and cannot be held to that precise standard of judgment.
18 Further, at the time that he was accumulating the material, he
19 was terrified and undergoing severe emotional turmoil. The
20 court is satisfied that he did not unreasonably intrude upon
21 Mrs. Hubbard's privacy under the circumstances by in effect
22 simply making his knowledge that of his attorneys. It is, of
23 course, rather ironic that the person who authorized G.O. order
24 121669 should complain about an invasion of privacy. The

25
26 5. "No, I think my emotional distress and upset is the
27 fact that someone took papers and materials without my
28 authorization and then gave them to your Mr. Flynn."
Reporter's Transcript, p. 1006.

1 practice of cuiling supposedly confidential "P.C. folders or
2 files" to obtain information for purposes of intimidation
3 and/or harassment is repugnant and outrageous. The Guardian's
4 Office, which plaintiff headed, was no respector of anyone's
5 civil rights, particularly that of privacy. Plaintiff Mary Sue
6 Hubbard's cause of action for conversion must fail for the same
7 reason as plaintiff Church. The documents were all together in
8 Omar Garrison's possession. There was no rational way the
9 defendant could make any distinction.

10 Insofar as the return of documents is concerned, matters
11 which are still under seal may have evidentiary value in the
12 trial of the cross complaint or in other third party
13 litigation. By the time that proceedings on the cross
14 complaint are concluded, the court's present feeling is that
15 those documents or objects not used by that time should be
16 returned to plaintiff. However, the court will reserve
17 jurisdiction to reconsider that should circumstances warrant.

18 Dated: June 20, 1984

19
20 Paul G. Breckenridge, Jr.
21 PAUL G. BRECKENRIDGE, JR.
22 Judge of the Superior Court

23
24 THE DOCUMENT TO WHICH THIS CERTIFICATE IS AT-
25 TACHED IS A FULL TRUE AND CORRECT COPY OF THE
26 ORIGINAL ON FILE AND OF RECORD IN MY OFFICE.

27
28 ATTEST SEP 11 1984 19
JOHN J. CONCORAN, Deputy Clerk and Clerk of the
Superior Court of California,
County of Los Angeles
BY S. Hurst DEPUTY
S. HURST

Appendix

Defendant Armstrong was involved with Scientology from 1969 through 1981, a period spanning 12 years. During that time he was a dedicated and devoted member who revered the founder, L. Ron Hubbard. There was little that Defendant Armstrong would not do for Hubbard or the Organization. He gave up formal education, one-third of his life, money and anything he could give in order to further the goals of Scientology, goals he believed were based upon the truth, honesty, integrity of Hubbard and the Organization.

From 1971 through 1981, Defendant Armstrong was a member of the Sea Organization, a group of highly trained scientologists who were considered the upper echelon of the Scientology organization. During those years he was placed in various locations, but it was never made clear to him exactly which Scientology corporation he was working for. Defendant Armstrong understood that, ultimately, he was working for L. Ron Hubbard, who controlled all Scientology finances, personnel, and operations while Defendant was in the Sea Organization.

Beginning in 1979 Defendant Armstrong resided at Gilman Hot Springs, California, in Hubbard's "Household Unit." The Household Unit took care of the personal wishes and needs of Hubbard at many levels. Defendant Armstrong acted as the L. Ron Hubbard Renovations In-Charge and was responsible for renovations, decoration, and maintenance of Hubbard's home and office at Gilman Hot Springs.

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1 In January of 1980 there was an announcement of a possible
2 raid to be made by the FBI or other law enforcement agencies of
3 the property. Everyone on the property was required by
4 Hubbard's representatives, the Commodore's Messengers, to go
5 through all documents located on the property and "vet" or
6 destroy anything which showed that Hubbard controlled
7 Scientology organizations, retained financial control, or was
8 issuing orders to people at Gilman Hot Springs.

9 A commercial paper shredder was rented and operated day
10 and night for two weeks to destroy hundreds of thousands of
11 pages of documents.

12 During the period of shredding, Brenda Black, the
13 individual responsible for storage of Hubbard's personal
14 belongings at Gilman Hot Springs, came to Defendant Armstrong
15 with a box of documents and asked whether they were to be
16 shredded. Defendant Armstrong reviewed the documents and found
17 that they consisted of a wide variety of documents including
18 Hubbard's personal papers, diaries, and other writings from a
19 time before he started Dianetics in 1950, together with
20 documents belonging to third persons which had apparently been
21 stolen by Hubbard or his agents. Defendant Armstrong took the
22 documents from Ms. Black and placed them in a safe location on
23 the property. He then searched for and located another twenty
24 or more boxes containing similar materials, which were poorly
25 maintained.

26 On January 8, 1980, Defendant Armstrong wrote a petition
27 to Hubbard requesting his permission to perform the research
28 for a biography to be done about his life. The petition states

1 that Defendant Armstrong had located the subject materials and
2 lists of a number of activities he wished to perform in
3 connection with the biography research.

4 Hubbard approved the petition, and Defendant Armstrong
5 became the L. Ron Hubbard Personal Relations Officer Researcher
6 (PPRO Res). Defendant claims that this petition and its
7 approval forms the basis for a contract between Defendant and
8 Hubbard. Defendant Armstrong's supervisor was then Laurel
9 Sullivan, L. Ron Hubbard's Personal Public Relations Officer.

10 During the first part of 1980, Defendant Armstrong moved
11 all of the L. Ron Hubbard Archives materials he had located at
12 Gilman Hot Springs to an office in the Church of Scientology
13 Cedars Complex in Los Angeles. These materials comprised
14 approximately six file cabinets. Defendant Armstrong had
15 located himself in the Cedars Complex, because he was also
16 involved in "Mission Corporate Category Sort-Out," a mission to
17 work out legal strategy. Defendant Armstrong was involved with
18 this mission until June of 1980.

19 It was also during this early part of 1980 that Hubbard
20 left the location in Gilman Hot Springs, California, and went
21 into hiding. Although Defendant Armstrong was advised by
22 Laurel Sullivan that no one could communicate with Hubbard,
23 Defendant Armstrong knew that the ability for communication
24 existed, because he had forwarded materials to Hubbard at his
25 request in mid-1980.

26 Because of this purported inability to communicate with
27 Hubbard, Defendant Armstrong's request to purchase biographical
28 materials of Hubbard from people who offered them for sale went

1 to the Commoc. 's Messenger Organization, the personal
2 representatives of Hubbard.

3 In June of 1980 Defendant Armstrong became involved in the
4 selection of a writer for the Hubbard biography. Defendant
5 Armstrong learned that Hubbard had approved of a biography
6 proposal prepared by Omar Garrison, a writer who was not a
7 member of Scientology. Defendant Armstrong had meetings with
8 Mr. Garrison regarding the writing of the biography and what
9 documentation and assistance would be made available to him.
10 As understood by Mr. Garrison, Defendant Armstrong represented
11 Hubbard in these discussions.

12 Mr. Garrison was advised that the research material he
13 would have at his disposal were Hubbard's personal archives.
14 Mr. Garrison would only undertake a writing of the biography if
15 the materials provided to him were from Hubbard's personal
16 archives, and only if his manuscript was subject to the
17 approval of Hubbard himself.

18 In October of 1980 Mr. Garrison came to Los Angeles and
19 was toured through the Hubbard archives materials that
20 Defendant Armstrong had assembled up to that time. This was an
21 important "selling point" in obtaining Mr. Garrison's agreement
22 to write the biography. On October 30, 1980, an agreement was
23 entered into between Ralston-Pilot, ncv. F/S/O Omar V.
24 Garrison, and AOSH DK Publications of Copenhagen, Denmark, for
25 the writing of a biography of Hubbard.

26 Paragraph 10B of the agreement states that:

27 "Publisher shall use its best efforts to provide
28 Author with an office, an officer assistant and/or

1 research assistant, office supplies and any needed
2 archival and interview materials in connection with
3 the writing of the Work."

4 The "research assistant" provided to Mr. Garrison was
5 Defendant Armstrong.

6 During 1980 Defendant Armstrong exchanged correspondence
7 with Intervenor regarding the biography project. Following his
8 approval by Hubbard as biography researcher, Defendant
9 Armstrong wrote to Intervenor on February 5, 1980, advising her
10 of the scope of the project. In the letter Defendant stated
11 that he had found documents which included Hubbard's diary from
12 his Orient trip, poems, essays from his youth, and several
13 personal letters, as well as other things.

14 By letter of February 11, 1980, Intervenor responded to
15 Defendant, acknowledging that he would be carrying out the
16 duties of Biography Researcher.

17 On October 14, 1980, Defendant Armstrong again wrote to
18 Intervenor, updating her on "Archives materials" and proposing
19 certain guidelines for the handling of those materials.

20 It was Intervenor who, in early 1981, ordered certain
21 biographical materials from "Controller Archives" to be
22 delivered to Defendant Armstrong. These materials consisted of
23 several letters written by Hubbard in the 1920's and 1930's,
24 Hubbard's Boy Scout books and materials, several old Hubbard
25 family photographs, a diary kept by Hubbard in his youth, and
26 several other items.

27 Defendant Armstrong received these materials upon the
28 order of Intervenor, following his letter of October 15, 1980,

1 to her in which Defendant stated, at page 1, that there were
2 materials in the "Controller Archives" that would be helpful to
3 him in the biography research.

4 After these materials were delivered to Defendant
5 Armstrong, Intervenor was removed from her Scientology position
6 of Controller in 1981, presumably because of her conviction for
7 the felony of obstruction of justice in connection with the
8 theft of Scientology documents from various government offices
9 and agencies in Washington, D.C.

10 During the time Defendant Armstrong worked on the
11 biography project and acted as Hubbard Archivist, there was
12 never any mention that he was not to be dealing with Hubbard's
13 personal documents or that the delivery of those documents to
14 Mr. Garrison was not authorized.

15 For the first year or more of the Hubbard biography and
16 archive project, funding came from Hubbard's personal staff
17 unit at Gilman Hot Springs, California. In early 1981,
18 however, Defendant Armstrong's supervisor, Laurel Sullivan,
19 ordered him to request that funding come from what was known as
20 SEA Org Reserves. Approval for this change in funding came
21 from the SEA Org Reserves Chief and Watch Dog Committee, the
22 top Commodores Messenger Organization unit, who were Hubbard's
23 personal representatives.

24 From November of 1980 through 1981, Defendant Armstrong
25 worked closely with Mr. Garrison, assembling Hubbard's archives
26 into logical categories, copying them and arranging the copies
27 of the Archives materials into bound volumes. Defendant
28 Armstrong made two copies of almost all documents copied for

1 Mr. Garrison - one for Mr. Garrison and the other to remain in
2 Hubbard Archives for reference or recopying. Defendant
3 Armstrong created approximately 400 binders of documents. The
4 vast majority of the documents for Mr. Garrison came from
5 Hubbard's personal Archives, of which Defendant Armstrong was
6 in charge. Materials which came from other Archives, such as
7 the Controller Archives, were provided to Defendant Armstrong
8 by Scientology staff members who had these documents in their
9 care.

10 It was not until late 1981 that Plaintiff was to provide a
11 person to assist on the biography project by providing Mr.
12 Garrison with "Guardian Office" materials, otherwise described
13 as technical materials relating to the operation of
14 Scientology. The individual appointed for this task was Vaughn
15 Young. Controller Archives and Guardian Office Archives had no
16 connection to the Hubbard Archives, which Defendant Armstrong
17 created and maintained as Hubbard's personal materials.

18 In addition to the assemblage of Hubbard's Archives,
19 Defendant Armstrong worked continually on researching and
20 assembling materials concerning Hubbard by interviewing dozens
21 of individuals, including Hubbard's living aunt, uncle, and
22 four cousins. Defendant Armstrong did a geneology study of
23 Hubbard's family and collected, assembled, and read hundreds of
24 thousands of pages of documentation in Hubbard's Archives.

25 During 1980 Defendant Armstrong remained convinced of
26 Hubbard's honesty and integrity and believed that the
27 representations he had made about himself in various
28 publications were truthful. Defendant Armstrong was devoted to

1 Hubbard and was convinced that any information which he
2 discovered to be unflattering of Hubbard or contradictory to
3 what Hubbard has said about himself, was a lie being spread by
4 Hubbard's enemies. Even when Defendant Armstrong located
5 documents in Hubbard's Archives which indicated that
6 representations made by Hubbard and the Organization were
7 untrue, Defendant Armstrong would find some means to "explain
8 away" the contradictory information..

9 Slowly, however, throughout 1981, Defendant Armstrong
10 began to see that Hubbard and the Organization had continuously
11 lied about Hubbard's past, his credentials, and his
12 accomplishments. Defendant Armstrong believed, in good faith,
13 that the only means by which Scientology could succeed in what
14 Defendant Armstrong believed was its goal of creating an
15 ethical environment on earth, and the only way Hubbard could be
16 free of his critics, would be for Hubbard and the Organization
17 to discontinue the lies about Hubbard's past, his credentials,
18 and accomplishments. Defendant Armstrong resisted any public
19 relations piece or announcement about Hubbard which the L. Ron
20 Hubbard Public Relations Bureau proposed for publication which
21 was not factual. Defendant Armstrong attempted to change and
22 make accurate the various "about the author" sections in
23 Scientology books, and further, Defendant rewrote or critiqued
24 several of these and other publications for the L. Ron Hubbard
25 Public Relations Bureau and various Scientology Organizations.
26 Defendant Armstrong believed and desired that the Scientology
27 Organization and its leader discontinue the perpetration of the

28 ///

1 massive fraud upon the innocent followers of Scientology, and
2 the public at large.

3 Because of Defendant Armstrong's actions, in late November
4 of 1981, Defendant was requested to come to Gilman Hot Springs
5 by Commodore Messenger Organization Executive, Cirrus Slevin.
6 Defendant Armstrong was ordered to undergo a "security check,"
7 which involved Defendant Armstrong's interrogation while
8 connected to a crude Scientology lie detector machine called an
9 E-meter.

10 The Organization wished to determine what materials
11 Defendant Armstrong had provided to Omar Garrison. Defendant
12 Armstrong was struck by the realization that the Organization
13 would not work with him to correct the numerous fraudulent
14 representations made to followers of Scientology and the public
15 about L. Ron Hubbard and the Organization itself. Defendant
16 Armstrong, who, for twelve years of his life, had placed his
17 complete and full trust in Mr. and Mrs. Hubbard and the
18 Scientology Organization, saw that his trust had no meaning and
19 that the massive frauds perpetrated about Hubbard's past,
20 credentials, and accomplishments would continue to be spread.

21 Less than three weeks before Defendant Armstrong left
22 Scientology, he wrote a letter to Cirrus Slevin on November 25,
23 1981, in which it is clear that his intentions in airing the
24 inaccuracies, falsehoods, and frauds regarding Hubbard were
25 done in good faith. In his letter he stated as follows:

26 "If we present inaccuracies, hyperbole
27 — or downright lies as fact or truth, it
28 doesn't matter what slant we give them, if

1 disproved the man will look, to outsiders
2 at least, like a charlatan. This is what
3 I'm trying to prevent and what I've been
4 working on the past year and a half.

5

6 "and that is why I said to Norman that
7 it is up to us to insure that everything
8 which goes out about LRH is one hundred
9 percent accurate. That is not to say that
10 opinions can't be voiced, they can. And
11 they can contain all the hype you want.
12 But they should not be construed as facts.
13 And anything stated as a fact should be
14 documentable.

15 "we are in a period when
16 'investigative reporting' is popular, and
17 when there is relatively easy access to
18 documentation on a person. We can't delude
19 ourselves I believe, if we want to gain
20 public acceptance and cause some betterment
21 in society, that we can get away with
22 statements, the validity of which we don't
23 know.

24 "The real disservice to LRH, and the
25 ultimate make-wrong is to go on assuming
26 that everything he's ever written or said
27 is one hundred percent accurate and publish
28 it as such without verifying it. I'm

1 talking here about biographical or
2 non-technical writings. This only leads,
3 should any of his statements turn out to be
4 inaccurate, to a make-wrong of him, and
5 consequently his technology.

6 "That's what I'm trying to remedy and
7 prevent.
8 . . .

9 "To say that LRH is not capable of
10 hype, errors or lies is certainly ^{sic} not
11 granting him much of a beingness. To
12 continue on with the line that he has never
13 erred nor lied is counterproductive. It is
14 an unreal attitude and too far removed from
15 both the reality and people in general that
16 it would widen public unacceptance.

17
18 "That is why I feel the
19 falsities must be corrected, and why we
20 must verify our facts and present them in a
21 favorable light."

22
23 The remainder of the letter contains examples of facts
24 about Hubbard which Defendant Armstrong found to be wholly
25 untrue or inaccurate and which were represented as true by the
26 Hubbards and the Scientology Organization.

27 In December of 1981 Defendant Armstrong made the decision
28 to leave the Church of Scientology. In order to continue in

1 his commitment to Hubbard and Mr. Garrison in the biography
2 project, he copied a large quantity of documents, which Mr.
3 Garrison had requested or which would be useful to him for the
4 biography. Defendant Armstrong delivered all of this material
5 to Mr. Garrison the date he left the SEA Organization and kept
6 nothing in his possession.

7 Thereafter, Defendant Armstrong maintained friendly
8 relations with Hubbard's representatives by returning to the
9 Archives office and discussing the various categories of
10 materials. In fact on February 24, 1982, Defendant Armstrong
11 wrote to Vaughn Young, regarding certain materials Mr. Young
12 was unable to locate for Omar Garrison.

13 After this letter was written, Defendant Armstrong went to
14 the Archives office and located certain materials Mr. Garrison
15 had wanted which Hubbard representatives claimed they could not
16 locate.

17 At the time Defendant Armstrong left the SEA Organization,
18 he was disappointed with Scientology and Hubbard, and also felt
19 deceived by them. However, Defendant Armstrong felt he had no
20 enemies and felt no ill will toward anyone in the Organization
21 or Hubbard, but still believed that a truthful biography should
22 be written.

23 After leaving the SEA Organization, Defendant Armstrong
24 continued to assist Mr. Garrison with the Hubbard biography
25 project. In the spring of 1982, Defendant Armstrong at Mr.
26 Garrison's request, transcribed some of his interview tapes,
27 copied some of the documentation he had, and assembled several
28 more binders of copied materials. Defendant Armstrong also set

1 up shelves for Mr. Garrison for all the biography research
2 materials, worked on a cross-reference systems, and continued
3 to do library research for the biography.

4 On February 18, 1982, the Church of Scientology
5 International issued a "Suppressive Person Declare Gerry
6 Armstrong," which is an official Scientology document issued
7 against individuals who are considered as enemies of the
8 Organization. Said Suppressive Person Declare charged that
9 Defendant Armstrong had taken an unauthorized leave and that he
10 was spreading destructive rumors about Senior Scientologists.

11 Defendant Armstrong was unaware of said Suppressive Person
12 Declare until April of 1982. At that time a revised Declare
13 was issued on April 22, 1982. Said Declare charged Defendant
14 Armstrong with 18 different "Crimes and High Crimes and
15 Suppressive Acts Against the Church." The charges included
16 theft, juggling accounts, obtaining loans on money under false
17 pretenses, promulgating false information about the Church,
18 its founder, and members, and other untruthful allegations
19 designed to make Defendant Armstrong an appropriate subject of
20 the Scientology "Fair Game Doctrine." Said Doctrine allows any
21 suppressive person to be "tricked, cheated, lied to, sued, or
22 destroyed."

23 The second declare was issued shortly after Defendant
24 Armstrong attempted to sell photographs of his wedding on board
25 Hubbard's ship (in which Hubbard appears), and photographs
26 belonging to some of his friends, which also included photos of
27 L.R. Hubbard while in seclusion. Although Defendant Armstrong
28 delivered the photographs to a Virgil Wilhite for sale, he

1 never received payment or return of his friend's photographs.
2 When he became aware that the Church had these photographs, he
3 went to the Organization to request their return. A loud and
4 boisterous argument ensued, and he eventually was told to leave
5 the premises and get an attorney.

6 From his extensive knowledge of the covert and
7 intelligence operations carried out by the Church of
8 Scientology of California against its enemies (suppressive
9 persons), Defendant Armstrong became terrified and feared that
10 his life and the life of his wife were in danger, and he also
11 feared he would be the target of costly and harassing lawsuits.
12 In addition, Mr. Garrison became afraid for the security of the
13 documents and believed that the intelligence network of the
14 Church of Scientology would break and enter his home to
15 retrieve them. Thus, Defendant Armstrong made copies of
16 certain documents for Mr. Garrison and maintained them in a
17 separate location.

18 It was thereafter, in the summer of 1982, that Defendant
19 Armstrong asked Mr. Garrison for copies of documents to use in
20 his defense and sent the documents to his attorneys, Michael
21 Flynn and Contos & Bunch.

22 After the within suit was filed on August 2, 1982,
23 Defendant Armstrong was the subject of harassment, including
24 being followed and surveilled by individuals who admitted
25 employment by Plaintiff; being assaulted by one of these
26 individuals; being struck bodily by a car driven by one of
27 these individuals; having two attempts made by said individuals
28 apparently to involve Defendant Armstrong in a freeway

1 automobile accident; having said individuals come onto
2 Defendant Armstrong's property, spy in his windows, create
3 disturbances, and upset his neighbors. During trial when it
4 appeared that Howard Schomer (a former Scientologist) might be
5 called as a defense witness, the Church engaged in a somewhat
6 sophisticated effort to suppress his testimony. It is not
7 clear how the Church became aware of defense intentions to call
8 Mr. Schomer as a witness, but it is abundantly clear they
9 sought to entice him back into the fold and prevent his
10 testimony.

EXHIBIT B

6

INDEMNITY AGREEMENT

The undersigned hereby agree to jointly indemnify MICHAEL J. FLYNN within the limitation described in the last paragraph hereof, in the event, and only in the event, all of the following conditions occur:

1. The case of Church of Scientology of California v. Armstrong, Los Angeles Superior Court No. 420153 and Court of Appeal No. B005912 the appeal of which is presently pending before the California Appellate Courts, Second District, is reversed and the damage cause of action therein is remanded for a retrial by said the Appellate Court; and

2. The Plaintiff therein, Church of Scientology of California, retries any part of said action, pursuant to that remand, wherein the Church of Scientology of California prays for damages; and

3. Judgment is entered pursuant to said retrial in favor of the Church of Scientology of California and against Gerald Armstrong; and

3. Gerald Armstrong pays any part or all of said judgment for damages; and

4. Michael J. Flynn reimburses Gerald Armstrong for any part or all of the monies paid to the Church of Scientology of California by Gerald Armstrong pursuant to the said judgment.

If all of the foregoing conditions occur the undersigned will indemnify Michael J. Flynn only for the sum of money he has reimbursed Gerald Armstrong. In no event will the undersigned

7
indemnify Michael J. Flynn for any sum greater than twenty-five thousand dollars.

Earle C. Cooley
EARLE C. COOLEY

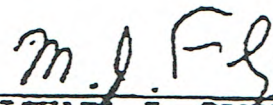
Lawrence E. Heller
LAWRENCE E. HELLER

STIPULATION

The Church of Scientology of California, Mary Sue Hubbard, and Gerald Armstrong, by and through their undersigned counsel, hereby stipulate that in any retrial ordered by any appellate court in Church of Scientology of California v. Gerald Armstrong, LASC No. C 420153, the total damages awarded to the Plaintiff Church of Scientology of California and Plaintiff in Intervention Mary Sue Hubbard, combined for any and all causes of action, shall not exceed twenty five thousand and one dollars (\$25,001.00).

DATED:

12/10/86


 MICHAEL J. FLANN

Attorney for Defendant
Gerald Armstrong

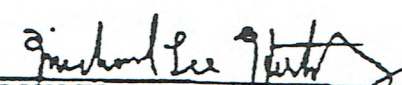
DATED:

Dec 10, 1986


 JOHN G. PETERSON

Attorney for Plaintiff
Church of Scientology
of California

DATED:


 MICHAEL LEE HERTZBERG

Attorney for Intervenor
Mary Sue Hubbard

EXHIBIT C

RECEIVED

JUL 16 1992

Superior Court of California
County of Los Angeles
Los Angeles, California

HUB LAW OFFICES

COPY

CHURCH OF SCIENTOLOGY,
INTERNATIONAL, etc.

Plaintiff,

vs.

GERALD ARMSTRONG, ET AL.,

Defendant.

Docket No. BC 052-395

Los Angeles, California
May 27, 1992
8:30 a.m.

MOTION FOR PRELIMINARY INJUNCTION

THE HONORABLE RONALD M. SOHIGIAN, PRESIDING

COURT RECORDER:

J.W. CRUSE

TRANSCRIPTION BY:

PARRIS TRANSCRIPTS
P.O. Box 41754
Los Angeles, CA 90041-9998
(213) 254-4157

Proceedings recorded by electronic sound recording, transcript
produced by transcription service.

APPEARANCES:

FOR THE PLAINTIFF:

ANDREW WILSON
Attorney at Law
235 Montgomery Street
Suite 450
San Francisco, California 94104
(415) 391-3900

LAURIE BARTILSON
Attorney at Law
Bowles & Moxon
6255 Sunset Boulevard
Los Angeles, California 90028
(213) 661-4030

FOR THE DEFENDANT:

FORD GREENE
Attorney at Law
HUB Law Offices
711 Sir Francis Drake Boulevard
San Anselmo, California 94960
(415) 258-0360

GRAHAM E. BERRY
Attorney at Law
Lewis, D'Amato, Brisbois & Bisgaard
221 North Figueroa Street
Suite 1200
Los Angeles, California 90012
(213) 250-1800

PAUL MORANTZ
Attorney at Law
P.O. Box 511
Pacific Palisades, California 90272
(213) 459-4745

1 contract which is very specific, breaches which are admitted
2 and defenses which cannot be maintained. The agreement itself
3 is in front of you. It is Exhibit A to Exhibit II of the
4 evidence in support of the preliminary injunction. I would
5 like to point to --

6 THE COURT: What specifically did it require
7 Armstrong to do?

8 MR. WILSON: The paragraphs upon which we rely are
9 paragraphs 7-D, and accurately stated, it's what it required
10 Armstrong to refrain from doing. Because that's the issue
11 here. It's not a mandatory injunction that we're seeking but
12 a prohibitory injunction. Paragraph 7-D required Armstrong
13 not to publish books, magazine articles, et cetera, writings
14 having to do with his experience with the Church or Mr.
15 Hubbard, to maintain confidentiality.

16 THE COURT: Is there any evidence that shows that
17 he's violating any covenant not to publish books, magazine
18 articles or writings having to do with his experiences?

19 MR. WILSON: Not regarding books, magazine articles
20 or publications. But the language is a little bit more all-
21 inclusive than that. It's a very long paragraph and it
22 basically, in my reading of it, relates to any publications.
23 And the declarations which Mr. Armstrong has filed are
24 publications in our view. That's paragraph 7-D.

25 Paragraph 7-E --

26 THE COURT: Just a second. What then should he have
27 done or not have done?

28 MR. WILSON: Well, what he should not have done is

1 filed the declarations that he filed.

2 THE COURT: In what case?

3 MR. WILSON: I've got the list of declarations that
4 were filed as the breeches, and I was going to come to that
5 later. If you'd like me to deal with it now I will.

6 (Pause)

7 MR. WILSON: I think it would be helpful if I gave
8 you the, all the paragraphs we relying on, because the
9 breeches are breeches of more than one paragraph of the
10 agreement. For example --

11 THE COURT: Suit yourself.

12 MR. WILSON: -- paragraph 7-E requires Mr. Armstrong
13 to return certain materials and documents. The two paragraphs
14 that are most important here are paragraph 7-G and paragraph
15 7-H. Paragraph 7-G requires Mr. Armstrong not to voluntarily
16 cooperate in any proceeding with a person adverse to any of
17 the organizations listed as Scientology organizations in the
18 agreement, and that includes the plaintiff.

19 And paragraph 7-H contains the provision prohibiting
20 testimony unless it's pursuant to lawful process. And it also
21 contains, excuse me, a confidentiality provision with respect
22 to the terms of the settlement agreement.

23 THE COURT: Okay, let's look at it and see then just
24 exactly what the language is, and just exactly the respects in
25 which you contend it obligates Armstrong to do or refrain from
26 doing anything.

27 MR. WILSON: Which you will find --

28 THE COURT: Which of the paragraphs do you want me

1 going to put you under subpoena -- what's he supposed to do
2 then?

3 MR. WILSON: That's fine. He may --

4 THE COURT: And is he supposed to do anything to try
5 to avoid being served with a subpoena?

6 MR. WILSON: No, all he's supposed to do is not do
7 anything to help himself be subpoenaed; for example saying,
8 fine, I'll be at the corner of such-and-such and such-and-such
9 and --

10 THE COURT: Where is that provided for?

11 MR. WILSON: All -- that is provided for in
12 paragraph 7-H which is on pages 10 and 11. Starts at the
13 bottom of page 10, and basically says he agrees not to testify
14 unless compelled by subpoena.

15 THE COURT: Yes.

16 MR. WILSON: And then the sentence that runs over
17 says he won't make himself available for subpoena in any
18 manner which invalidates the intent. In other words, it's one
19 thing to say, you may subpoena me. It's another thing to say,
20 you may subpoena me, I will be at such-and-such a place,
21 subpoena me. Or, I'll come to your office and pick up the
22 subpoena.

23 (Pause)

24 MR. WILSON: Should I continue?

25 THE COURT: Yes, what would be the -- what would be
26 the distinction between those two things? What difference
27 does it make whether he testifies under subpoena that he
28 himself voluntarily accepts, the service of which he

1 1986 settlement agreements on the ability of the Aznarans and
2 other individuals victimized by quote "the organization."

3 THE COURT: Tell me what exactly he did there? He
4 --

5 MR. WILSON: Okay.

6 THE COURT: -- went to Yanny's house and then he did
7 what?

8 MR. WILSON: Went to Yanny's house, quote "did work
9 in his [Yanny's] office." And I can't give you the page cite
10 because it's not numbered.

11 THE COURT: That's all right.

12 MR. WILSON: Did work in Yanny's office.

13 THE COURT: What does that mean? What is it that
14 he's telling us happened?

15 MR. WILSON: Well, then he goes on. And I guess
16 what he means -- we don't know exactly what he means by
17 "work." But he says,

18 READING:

19 "...and did write and execute a declaration on
20 July 16 giving my knowledge of the effect of the
21 December 1986 group settlement agreements on the
22 ability of the Aznarans and other individuals
23 victimized by the organization to obtain proper
24 legal representation."

25 THE COURT: Now your theory is that Yanny could have
26 telephoned him; Armstrong could have spoken with him;
27 Armstrong would have said, listen, I can't help you, I mean I
28 can't do anything except testify under oath in a response to a

1 subpoena; Yanny could have put him under subpoena. Then
2 Armstrong would have showed up and he would have said the same
3 thing that was in the declaration, and that would be entirely
4 proper and not subject to being restrained in any way; right?

5 MR. WILSON: That's right.

6 THE COURT: Okay. Go ahead. What else did you --
7 do you think the evidence shows that Armstrong did that is
8 contrary to the terms of the agreement? You think this is a
9 7-G violation by the way --

10 MR. WILSON: Yes, I do.

11 THE COURT: -- what you just talked about, right?

12 MR. WILSON: Yes I do.

13 THE COURT: Okay.

14 MR. WILSON: If you look at the Bartilson dec -- I'm
15 sorry, the --

16 THE COURT: Tell me the act and then we'll go to the
17 --

18 MR. WILSON: The act is his helping Mr. Greene in
19 the Aznaran litigation. And that is referred to in the letter
20 to Eric Lieberman from Jerry Armstrong, which is Exhibit 5 of
21 the Evidence in Support of the Amended Motion for Summary
22 Judgment.

23 THE COURT: You contend that that was a violation of
24 what provision of the agreement?

25 MR. WILSON: That's also a violation of 7-G.

26 THE COURT: So you think that's a 7-G violation.

27 MR. WILSON: Right.

28 THE COURT: And where do you want to look in the

1 of Plaintiff's Amended Motion, et cetera.

2 THE COURT: Go ahead with your review of the
3 evidence concerning what you think are Armstrong's acts in --
4 wait a minute before we do that. You contend that the
5 declaration in the Aznaran case is a 7-G?

6 MR. WILSON: That's correct.

7 THE COURT: Go ahead with any other review of
8 evidence concerning acts that you contend Armstrong has
9 committed which you contend to be in violation of the --

10 MR. WILSON: He gave --

11 THE COURT: -- agreement and which should be
12 restrained, and give your agreement citation.

13 MR. WILSON: That is -- another one would be the
14 declaration of Gerald Armstrong dated 7-16-91 in the Yanny
15 case. That is Exhibit 1-K in the same packet, right before
16 the -- actually, as long as you're looking, it's J and K;
17 they're both declarations of Armstrong, dated 7-16-91. And
18 whether we want to consider them one violation or two appears
19 to me to be of very little consequence.

20 THE COURT: Well, let's take Exhibit K. That talks
21 about a conversation to which Armstrong claims he was a
22 witness which allegedly occurred on July 16, 1991.

23 MR. WILSON: Correct.

24 THE COURT: Your view is that he would prohibited
25 from doing that?

26 MR. WILSON: My view is he's prohibited from
27 voluntarily giving a declaration. It's not that he's --

28 THE COURT: Well, do you mean to say that there need

1 be no nexus between Armstrong's behavior on the one hand and
2 something having to do with information that he has because of
3 his affiliation with your client on the other hand?

4 MR. WILSON: Like --

5 THE COURT: In other words, if somebody -- let's say
6 that this is what's happening. Let's say that there is a
7 lawsuit in which your client is involved and he is a witness
8 to something but it does not depend on his having preexisting
9 information concerning your client. Let's assume for example
10 that he's here in court and a lawsuit is going on. And on the
11 way out the lawyers get into a fight. One of the lawyers
12 says, look Armstrong, give a declaration will you to show that
13 the other fellow took the first punch and he says, well all
14 right, I'll do it. And he does.

15 The lawyer who asks for the declaration is adverse
16 to Scientology and adverse to -- in that lawsuit, and adverse
17 to the other person who hit him. Your contention is that that
18 would be improper?

19 MR. WILSON: Well, to be honest with you, I haven't
20 thought of that particular situation.

21 THE COURT: The reason you haven't thought of it is
22 because the language in the agreement is susceptible of
23 potentially indeterminate interpretations; correct?

24 MR. WILSON: Well, I suppose you could say that. I
25 don't believe it's susceptible to those determinations. I
26 think that if Armstrong is aiding persons adverse to
27 Scientology he's not supposed to do that and if he's doing it,
28 and let's use your hypothetical. If the lawyer wants to use

1 Mr. Armstrong's testimony all he has to do is take a
2 deposition. You can take any agreement and make a
3 hypothetical that perhaps wasn't intended to be covered by the
4 language but which is in fact covered by it.

5 THE COURT: Well no, what we're trying to do is
6 we're trying to construe the agreement reasonably so that we
7 know what it means to quote "voluntarily assist or cooperate
8 with any person adverse to Scientology in any proceeding
9 against any of the Scientology organizations" and so forth,
10 end quote. Voluntary assistance or cooperation doesn't mean
11 voluntarily assistance or cooperation which doesn't trade on
12 some special talent or skill that Armstrong has.

13 What if, for example, there's a lawsuit between
14 Scientology on the one hand and the Red Cross.

15 MR. WILSON: Your Honor --

16 THE COURT: Armstrong gives money to the Red Cross.
17 He says I think it's good, I think people ought to be helpful
18 when they have floods. You certainly wouldn't be able to beef
19 about --

20 MR. WILSON: Obviously --

21 THE COURT: -- that, would you?

22 MR. WILSON: Obviously not. I mean, obviously the
23 intent of the agreement was that there had to be some
24 connection between what Armstrong was doing and what he had
25 previously been involved with with the organization. And in
26 this declaration there really is. I mean, he's with Yanny
27 because of his previous connection with the organization.
28 He's helping Yanny because of his previous connection with the

1 organization; he's not helping Yanny because he just happens
2 to be there, as in your hypothetical where he just happens to
3 be in court. I think that is a distinction that needs to be
4 made.

5 THE COURT: The distinction that I would make, the
6 question is whether the contract makes that distinction.

7 MR. WILSON: Well, the contract doesn't explicitly
8 make that distinction but it says "voluntarily aiding persons
9 adverse to Scientology." And I think in your hypothetical,
10 particularly the Red Cross hypothetical, obviously there has
11 to be some reasonable construction of the contract. And no
12 contract -- I mean I submit to Your Honor that any contract
13 can be -- you can do to any contract what you did with this
14 hypothetical to this one. You can make a hypothetical that is
15 not covered by it but that obviously the parties entered into
16 it would not contend the situation applied. There's -- we
17 would not go to court and try to restrain Mr. Armstrong from
18 giving money to the Red Cross.

19 THE COURT: What other acts do you contend the -- so
20 you contend this is a 7-G violation?

21 MR. WILSON: That's right.

22 THE COURT: What other acts do you contend the
23 evidence shows Armstrong committed in what you claim to be a
24 violation of the agreement which under your client's theory --

25 MR. WILSON: I think that --

26 THE COURT: -- ought to be restrained?

27 (Counsel Colloquy)

28 MR. WILSON: I believe that Exhibit E to Mr.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT NO. 56

HON. BRUCE R. GEERNAERT, JUDGE

CHURCH OF SCIENTOLOGY OF
CALIFORNIA,

PLAINTIFF,

VS.

GERALD ARMSTRONG,

DEFENDANT.

CASE NO. C 420 153

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JAN 31 1992

HUB LAW OFFICES

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MONDAY, DECEMBER 23, 1991

APPEARANCES:

(SEE APPEARANCE PAGE.)

COPY

HERBERT CANNON, CSR NO. 1923
OFFICIAL REPORTER

1 APPEARANCES:

2 FOR THE PLAINTIFF:

MICHAEL LEE HERTZBERG, ESQ.
740 BROADWAY, FIFTH FLOOR
NEW YORK, NEW YORK 10009

4 WILLIAM T. DRESCHER, ESQ.
23679 CALABASAS ROAD
5 SUITE 388
6 CALABASAS, CA. 91302

8 FOR THE DEFENDANT:

TOBY PLEVIN, ESQ.
10700 SANTA MONICA BLVD.
9 SUITE 4-300
10 LOS ANGELES, CA. 90025

11 JOSEPH A. YANNY, ESQ.
12 1925 CENTURY BOULEVARD
13 SUITE 1260
14 LOS ANGELES, CA. 90067

1 ESPECIALLY WHEN YOU HAVE A TRANSCRIPT OF WHAT HAPPENED
2 DURING THE HEARING.

3 MR. HERTZBERG: I WANT TO MAKE TWO OTHER POINTS BEFORE
4 I MOVE ON ON THIS. ONE OF THEM IS THERE IS NO EVIDENCE
5 THAT JUDGE BRECKENRIDGE DID NOT HAVE THE AGREEMENT IN FRONT
6 OF HIM.

7 THE COURT IS MAKING A MAJOR FOCAL POINT OF THE
8 FACT THAT MINISTERIALLY THE SETTLEMENT AGREEMENT WAS NOT
9 FILED SUBSEQUENTLY WITH THE CLERK OF THE COURT. THAT DOES
10 NOT MEAN, AND THIS COURT CANNOT, IN OUR VIEW, CONCLUDE THAT
11 THE COURT DID NOT HAVE THE SETTLEMENT AGREEMENT IN FRONT OF
12 IT AND WAS NOT AWARE OF THE ENTIRETY OF ITS TERMS.

13 I JUST WANTED TO POINT OUT THAT JUST BECAUSE
14 WE DIDN'T FILE IT WITH THE CLERK DOES NOT MEAN THAT JUDGE
15 BRECKENRIDGE DIDN'T KNOW EVERY WORD THAT WAS IN THAT SETTLE-
16 MENT AGREEMENT.

17 THE COURT: IT DOES NOT MEAN THAT HE DID EITHER.

18 AND I'LL SAY THIS: THAT IN MY EXPERIENCE --
19 AND IT MAY NOT BE THE SAME AS EVERYBODY ELSE'S -- WHEN
20 PARTIES OR LAWYERS WANT A JUDGE TO ORDER THE PERFORMANCE OF
21 THE SETTLEMENT AGREEMENT, THEY BRING IT IN.

22 WITH THE LITTLE CRYPTIC PHRASE, "IT IS SO
23 ORDERED AT THE END OF THE AGREEMENT, THAT RAISES ALL SORTS
24 OF CONCERNS WITH ME. MAYBE EARLIER, 15 YEARS AGO, I MIGHT
25 HAVE DONE IT A COUPLE OF TIMES.

26 WHEN I REALIZED WHAT KIND OF PROBLEM THAT WAS,
27 I SIMPLY DON'T DO IT ANYMORE. IF THEY WANT AN ORDER OF SOME
28 OF THE TERMS, THEN I HAVE THEM SPELL OUT WHAT OF THE TERMS

1 THEY CONSIDERED TO BE APPROPRIATE FOR THE COURT ORDER AND
2 THEN I GO OVER THEM AND SAY IS THIS REALLY SOMETHING THAT
3 IS THE BUSINESS OF THE COURT TO BE ORDERING AND ENFORCING
4 WITH CONTEMPT OR NOT?

5 AND I MAKE SURE THAT IT IS THE KIND OF CLEAR
6 AND CONCISE ORDER THAT CAN BE THE SUBJECT OF A CONTEMPT
7 PROCEEDING. SO MY BELIEF IS JUDGE BRECKENRIDGE, BEING A VERY
8 CAREFUL JUDGE, FOLLOWS ABOUT THE SAME PRACTICE AND IF HE HAD
9 BEEN PRESENTED THAT WHOLE AGREEMENT AND IF HE HAD BEEN ASKED
10 TO ORDER ITS PERFORMANCE, HE WOULD HAVE DUG HIS FEET IN
11 BECAUSE THAT IS ONE OF THE -- I HAVE SEEN -- I CAN'T SAY --
12 I'LL SAY ONE OF THE MOST AMBIGUOUS, ONE-SIDED AGREEMENTS I
13 HAVE EVER READ. AND I WOULD NOT HAVE ORDERED THE ENFORCEMENT
14 OF HARDLY ANY OF THE TERMS HAD I BEEN ASKED TO, EVEN ON THE
15 THREAT THAT, OKAY, THE CASE IS NOT SETTLED.

16 I KNOW WE LIKE TO SETTLE CASES. BUT WE DON'T
17 WANT TO SETTLE CASES AND, IN EFFECT, PROSTRATE THE COURT
18 SYSTEM INTO MAKING AN ORDER WHICH IS NOT FAIR OR IN THE
19 PUBLIC INTEREST.

20 SO BASICALLY, I HAVE TO CONCLUDE BASED ON THE
21 RECORD THAT THERE WAS NO ORDER; SIMPLY, HE WASN'T PRESENTED
22 THE ORDER. HE WAS NOT ASKED TO ORDER ITS PERFORMANCE. HE
23 DIDN'T ORDER ITS PERFORMANCE.

24 THE FIRST TIME THAT WOULD BE DONE WOULD BE IN
25 RESPONSE TO YOUR MOTION AT THIS TIME.

26 MR. HERTZBERG: JUDGE, LET ME RESPOND TO THAT.

27 FIRST OF ALL, I THINK YOUR HONOR KNOWS WE ARE
28 NOT CLAIMING THAT JUDGE BRECKENRIDGE SO ORDERED THE TERMS

COURT OF APPEAL OF THE STATE OF CALIFORNIA
SECOND APPELLATE DISTRICT

COPY

CHURCH OF SCIENTOLOGY,	.	Superior Court
INTERNATIONAL, etc.	.	Case No. BC 052-395
	.	
Plaintiff,	.	
vs.	.	
	.	
GERALD ARMSTRONG, et al.,	.	
	.	
Defendant.	.	Los Angeles, California
	.	May 26, 1992
.....	.	10:05 a.m.

APPEAL FROM THE SUPERIOR COURT OF LOS ANGELES COUNTY

THE HONORABLE RONALD M. SOHIGIAN, PRESIDING
DEPARTMENT 88

TRANSCRIPT ON APPEAL

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(213) 254-4157

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APPEARANCES:

FOR THE PLAINTIFF:

ANDREW WILSON
235 Montgomery Street
San Francisco, California
(415) 391-3900

LAURIE J. BARTILSON
Bowles & Moxon
6255 Sunset Boulevard
Suite 2000
Hollywood, California 90028
(213) 661-4030

FOR THE DEFENDANT:

PAUL MORANTZ
P.O. Box 511
Pacific Palisades, California
90272
(310) 459-4745

✓ FORD GREENE
Hub Law Offices
711 Sir Francis Drake Boulevard
San Anselmo, California 94960
(415) 258-0360

GRAHAM E. BERRY
Lewis, D'Amato,
Brisbois & Bisgaard
221 North Figueroa Street
Suite 1200
Los Angeles, California 90012
(213) 680-5007

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~~SEP~~ OCT. 14 1992 J.V.

LOS ANGELES
SUPERIOR COURT

1 make it any easier for us to tell you to what exhibits of the
2 plaintiffs we stipulate.

3 THE COURT: I don't either. Why do you make that
4 point?

5 MR. GREENE: Well, because there's a couple -- one,
6 if there are items to which we stipulate, we have submitted
7 legal arguments that may truncate this proceeding if the Court
8 pleases to address those first, and if not, we can go ahead.
9 That is merely a suggestion.

10 THE COURT: I don't know what you're talking about.

11 MR. GREENE: What I'm talking about is --

12 THE COURT: I don't think that's entirely my fault.

13 MR. GREENE: -- one, the pending demurrer to which,
14 when we were last before Your Honor we called to your
15 attention and the argument submitted therein in Local Rule
16 314.

17 THE COURT: Make your argument on that point.

18 MR. GREENE: Okay. On that point, what the
19 plaintiffs are seeking here is an injunction compelling the
20 specific performance of the settlement agreement at issue. In
21 order for plaintiff to adequately see and make on its face the
22 necessary showing to be entitled to that relief, the plaintiff
23 has got to affirmatively allege that on its face, the
24 agreement is fair, just, and reasonable to the defendant. The
25 pleading required is different from that which is required
26 from an ordinary breach of contract action. The reason for
27 that, of course, is that an action for --

28 THE COURT: I understand the reason for it. Is that

1 the -- the totality of your point, that there's not an
2 adequate allegation that the agreement is fair, just and
3 reasonable?

4 MR. GREENE: And in support of that, the public
5 policy arguments that --

6 THE COURT: Okay. Plaintiff?

7 MR. WILSON: Yes, Your Honor. First of all, I'm not
8 going to bother the Court with going through the whole
9 Complaint and showing the Court what has been alleged, but we
10 have alleged very specifically the agreement. We've alleged
11 the consideration that was paid. We've alleged the -- the --
12 in fact, we've incorporated the agreement and we've alleged
13 the breach is now to the extent that the Complaint is not --
14 is deficient and does not support the relief because the magic
15 language -- the conclusory magic language, I might add -- that
16 the -- that the consideration wasn't fair, just and equitable,
17 I would point the Court to a provision of the law in Discovery
18 Manual which provides -- it talks about this matter of a
19 demurrer being pending.

20 THE COURT: Don't make any further argument; I
21 understand the points being made.

22 MR. WILSON: I want -- I want --

23 THE COURT: Stop. I understand the points being
24 made on both sides; I understand that this is an objection to
25 any further proceedings with respect to this application for
26 provisional relief. The objection is overruled. Go forward
27 on the merits; make your objections if you have any to the --
28 pardon me -- to the evidence adduced by the other side.

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

TE: 07/02/92

DEPT. 30

HONORABLE David Horowitz

JUDGE

S. ROBLES

DEPUTY CLERK

HONORABLE

JUDGE PRO TEM

ELECTRONIC RECORDING MONITOR

C. AGUIRRE, CSL

Deputy Sheriff

CECIL KNICKERBOCKER #8684 Reporter

8:30 am BC052395
Church of Scientology, etc.
VS
Gerald Armstrong, et al.
170.6 JUDGE GEERNAERT

Plaintiff LAURIE J. BARTILSON (x)
Counsel
Defendant PAUL MORANTZ (x)
Counsel

NATURE OF PROCEEDINGS:

DEMURRER OF DEFENDANT TO PLAINTIFFS AMENDED VERIFIED COMPLAINT FOR DAMAGES AND FOR PRELIMINARY AND PERMANENT INJUNCTIVE RELIEF FOR BREACH OF CONTRACT;

MOTION OF THE ABOVE TO STRIKE SURPLUSAGE, IRRELEVANT, AND IMPROPER MATERIAL FROM AMENDED VERIFIED COMPLAINT FOR DAMAGES AND FOR PRELIMINARY AND PERMANENT INJUNCTIVE RELIEF FOR BREACH OF CONTRACT;

Demurrer OVERRULED. Plaintiff has stated a cause of action.

Whether the agreement is just, reasonable, supported by adequate consideration, or against public policy are matters of proof.

Motion to Strike:

GRANTED as to paragraph 3, page 3, lines 8-10. The language "appears to delight" is inflammatory, irrelevant and is improper.

GRANTED as to paragraph 12, page 4 - page 6, line 13. The language contained in paragraph 12 is inflammatory and unnecessary and is improper. DENIED as to remaining requests to strike.

The Court makes no ruling as far as the contract is concerned. Answer within 20 days.

Moving party shall give notice.

EXHIBIT G

SUB LAW OFFICES

**Assigned by the Chairperson of the Judicial Council.

1 Earle C. Cooley
2 COOLEY, MANION, MOORE &
3 JONES, P.C.
4 21 Custom House Street
5 Boston, Massachusetts 02110
6 (617) 737-3100

7 Attorneys for Defendants
8 CHURCH OF SPIRITUAL TECHNOLOGY,
9 RELIGIOUS TECHNOLOGY CENTER

10 Eric Lieberman
11 RABINOWITZ, BOUDIN, STANDARD,
12 KRINSKY & LIEBERMAN, P.C.
13 740 Broadway at Astor Place
14 New York, New York 10003-9518
15 (212) 254-1111

16 Attorneys for Defendant
17 CHURCH OF SCIENTOLOGY
18 INTERNATIONAL

19 Michael Hertzberg
20 740 Broadway at Astor Place
21 New York, New York 10003-9518
22 (212) 982-9870

23 Attorneys for Defendant
24 AUTHOR SERVICES, INC.

Kendrick L. Moxon
BOWLES & MOXON
6255 Sunset Blvd.
Suite 2000
Los Angeles, CA 90028
(213) 661-4030

Attorneys for Defendants

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

17 VICKI J. AZNARAN and
18 RICHARD N. AZNARAN,

Plaintiffs,

v.

20 CHURCH OF SCIENTOLOGY OF
21 CALIFORNIA, et al.,

Defendants.

23 RELIGIOUS TECHNOLOGY
24 CENTER, et al.,

Counterclaimants,

v.

26 VICKI J. AZNARAN and
27 RICHARD N. AZNARAN,

Counterdefendants.

CASE No. CV 88-1786 JMI(Ex)

MEMORANDUM IN SUPPORT OF
MOTION FOR A PRELIMINARY
INJUNCTION

Date: January 8, 1990
Time: 10:00 a.m.
Dept: Honorable James M. Ideman

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PRELIMINARY STATEMENT

On April 9, 1987, long before the commencement of this lawsuit, the parties in this case entered into mutual releases. In these releases, plaintiffs renounced any and all claims and causes of action, both known and unknown, they had against defendants. Plaintiffs also promised to maintain confidentiality with respect to their experiences with the Church of Scientology and any knowledge or information they had concerning the Church of Scientology and not to voluntarily participate or cooperate in other proceedings against defendants. These release agreements were supported by valuable consideration -- consideration which plaintiffs to this day continue to retain and enjoy.

Instead of fulfilling their end of these release agreements, however, plaintiffs have flagrantly and repeatedly violated their promises. Plaintiffs commenced this lawsuit and on numerous occasions have violated the confidentiality agreements. Plaintiffs have given lengthy interviews to the Los Angeles Times and voluntarily assisted others in litigation against the Church. (See Declaration of Kendrick Moxon.) Plaintiffs' repeated disregard of the release agreements has irreparably injured defendants and will continue to do so unless a preliminary injunction is issued.

To avoid further irreparable injury, defendants seek a preliminary injunction enforcing the release agreements until this Court has an opportunity to finally determine whether plaintiffs' claims are barred by the agreements. If necessary, defendants request a separate evidentiary hearing on the issues

1 raised by their Motion for a Preliminary Injunction, including
2 questions of fact concerning the validity and effect of the
3 releases signed by plaintiffs.

4 Such hearing is particularly important, because this Court
5 indicated at a status hearing in this case, its apparent view
6 that defendants' potentially dispositive motions may be decided
7 on "whether or not the free will of the plaintiffs was
8 overborne" by defendants. (Hearing, July 17, 1989, p. 10.)
9 An evidentiary hearing on the issues raised by the Motion for a
10 Preliminary Injunction will put an end to plaintiffs' practice
11 of asserting the conclusory, self-serving but contradictory
12 claims of "duress" or "brainwashing" which have marked their
13 defenses to previous motions. (See Defendants' Motion to
14 Award Sanctions and Attorneys' Fees, August 15, 1989, passim;
15 Defendants' Reply Memorandum in Support of Motion for Summary
16 Judgment, May 1, 1989, at 3-5, 8-10, 17-21, 23-25, 29-30,
17 35-36.)

18 STATEMENT OF FACTS

19 A. The Releases

20 On April 9, 1987, plaintiffs Richard Aznaran and Vicki
21 Aznaran ("plaintiffs") left their staff positions with
22 defendants. At that time plaintiffs each entered into
23 identical Mutual Release Agreements with defendants
24 (hereinafter the "Releases" or "agreements"). Copies of these
25 Releases are annexed to the Moxon Declaration as Exhibits A
26 and B. Pursuant to the Releases, plaintiffs gave up "any and
27 all claims, demands, damages, actions and causes of action of
28 every kind and nature, known or unknown, from the beginning of

1 time to and including the date hereof," which they could have
2 asserted against the defendants. (Ex. A at para. 3; Ex. B
3 at para. 3.)^{1/} The Releases also required that plaintiffs
4 "maintain strict confidentiality and silence with respect to
5 [their] experiences with the Church of Scientology and any
6 knowledge or information [they] may have concerning the Church
7 of Scientology ..." (Ex. A at para. 6C; Ex. B at para.
8 6C.) The Releases also contained a covenant not to sue. (Ex.
9 A at paras. 3, 6B; Ex. B at paras. 3, 6B.) Finally,
10 plaintiffs promised not to voluntarily assist, cooperate or
11 testify in any proceeding against defendants, unless required
12 to do so by lawful process. (Ex. A at paras. 6E; Ex. B at
13 paras. 6E, 6F.)

14 On April 9, 1989, plaintiff Richard Aznaran executed a
15 separate "Declaration and Release of Claims," concerning,
16 inter alia, his employment from January 24, 1986 until
17 April 1, 1987. In that document, he released "Norman F.
18 Starkey individually and as Trustee of Author's Family Trust,
19 the Estate of L. Ron Hubbard, Author Services, Inc. and their

20 1. By their terms, the Releases protected the Religious
21 Technology Center; Church of Scientology International; Church
22 of Scientology of California; Church of Spiritual Technology;
23 all other Scientology organizations or entities as well as the
24 officers, agents, representatives, employees, volunteers,
25 trustees, directors, successors, assigns, and legal counsel of
26 each of the foregoing organizations or entities; Pat Broeker
27 and Anne Broeker ...; and Author Services Incorporated, its
28 officers, agents, representatives, employees, volunteers,
trustees, directors, successors, assigns, and legal counsel;
the Estate of L. Ron Hubbard, its executor, beneficiaries,
legal counsel and employees; Author's Family Trust, its
trustees, employees, beneficiaries, and legal counsel. Ex. A
at para. 1; Ex. B at para. 1. Such releases are thus binding
as to all defendants in the instant lawsuit. Eustace v.
Dechter, 53 Cal.App.2d 726, 128 P.2d 367 (1942) (a release
binding "all persons" is valid against persons not specifically
named in it).

1 respective employees, agents, attorneys, heirs, successors,
2 alter egos, executors, administrators and assigns ... from any
3 and all debts, demands, claims, causes of action in law and in
4 equity, liabilities, costs or expenses of any nature
5 whatsoever, known or unknown ..." (Ex. C.)

6 Plaintiffs took substantial consideration in exchange for
7 these releases, including a \$20,000 loan on very favorable
8 terms. The principal need not be repaid at all for ten (10)
9 years. The interest is only five percent (5%), and need be
10 paid only once a year. To this day, plaintiffs have failed to
11 repay this loan or make any interest payments, despite the fact
12 that three times they have been asked by written notice for
13 interest payments due. (Declaration of Mark C. Rathbun at
14 para. 13.) No interest at all has been paid for 1987, 1988 or
15 1989. This loan was extremely important to the Aznarans, as it
16 enabled them to establish themselves in Dallas, Texas and to
17 begin a new business there. (Declaration of Mark C. Rathbun
18 at para. 7.)

19 Plaintiffs also took an indemnity against all civil claims
20 brought against them arising from their staff positions within
21 the Church of Scientology and Religious Technology Center.
22 This indemnification clause alone was of considerable value to
23 plaintiffs. Vicki Aznaran has been named as a defendant in two
24 separate lawsuits. Defendants honored their indemnity
25 agreement in both cases. In one case, damages of over one
26 billion dollars are sought. Defendants obtained a dismissal of
27 the two defendants served at that time. (Ex. D.) In the
28 second case, in November 1988, Vicki Aznaran was named in a

1 sixty-million dollar damage action, Pennea et al. v. CSI
2 and Aznaran, et al., Circuit Court of the Seventeenth
3 Judicial District, Broward County Florida, No. 88-30050 CZ.
4 (See Ex. E.) Defendants moved to dismiss and successfully
5 negotiated the dismissal of that case on January 5, 1989.
6 (Ex. F.) Defendant obtained these dismissals at considerable
7 expense, for the benefit of all named defendants, including
8 Vicki Aznaran.

9 Vicki Aznaran has testified that this indemnification was
10 important to her:

11 Q. One of the things is in this release ... is an
12 agreement by the Church to indemnify you ... That
13 was a matter of some importance to you to have
14 that protection, wasn't it?

15 A. It seems that I discussed that.

16 Q. As a matter of fact, you knew that you had been
17 named as a defendant in the FAIR suit?

18 A. Yes.

19 Q. But that you hadn't been served yet and if you
20 were' served, you certainly wanted to be defended
21 and didn't want to be exposed to liability?

22 A. That's right.

23 (Ex. G. at pp. 1119-1120.)

24 In addition, the conduct of both the Aznarans amply
25 demonstrates that the indemnification arrangement was important
26 to them. As they were leaving the Church, they both expressed
27 concerns that they would be represented by counsel, should they
28 ever be named as defendants either individually or along with

1 any other Church of Scientology in any legal proceedings.
2 (Declaration of Mark C. Rathbun at paras. 3, 8; Ex. H,
3 Declaration of Lawrence E. Heller at para 4.) They both
4 expressed the desire that the Church arrange for Vicki's
5 representation in the on-going case of Stansfield v.
6 Starkey, pending in the Los Angeles Superior Court.

7 (Declaration of Mark C. Rathbun at para 3; Declaration of
8 Lawrence E. Heller at para 4.)^{2/} Vicki Aznaran stayed in
9 contact with the President of the Religious Technology Center
10 to discuss the lawsuit, as a part of the Church's
11 implementation of its promise to indemnify her. (Declaration
12 of Mark C. Rathbun at paras. 5, 8.)

13 The Aznarans will undoubtedly attempt to claim that the
14 releases are invalid because they were allegedly signed while
15 the Aznarans were under the effect of so-called "brainwashing"
16 and that they somehow, "woke up" from this "brainwashing" and
17 filed suit as a result of the harm they realized they suffered.
18 Aside from this position being contrary to law (See, Section
19 I, A, 2 infra), this position is completely contradicted by
20 the facts in this case.

21 The facts are that in late 1987, the Aznarans became upset
22 only after they were refused permission to deliver Scientology
23 services for compensation to a Dallas area parishioner without
24 first completing the steps required to be taken by Church

25 2. Numerous other benefits were offered to the Aznarans and
26 accepted by them as part of their leaving of the Church. The
27 President of the Religious Technology Center assisted the
28 Aznarans in establishing a private investigator's business in
Texas and arranged for the sale of the Aznarans' horse.
(Declaration of Mark C. Rathbun at paras. 4, 6, 9.)

1 policy for the Aznarans to become active Church members. This
2 disagreement was exacerbated by former Church counsel, Joseph
3 Yanny, in early 1988 when he sought the Aznarans' assistance
4 in his attempt to extort money from the Church. (Declaration
5 of Mark C. Rathbun at paras. 10 - 15, 17.)

6 Thus, it is clear that the idea to sue the Church only
7 came about through contacts with Joseph Yanny, a disgruntled
8 former Church counsel. The Aznarans' claims of "duress" and
9 "brainwashing" are a sham. The only duress present between the
10 Aznarans and the Church were the extortionate threats made by
11 the Aznarans.

12 Plaintiffs have at no time rescinded their releases of
13 defendants. Plaintiffs never offered to restore the
14 consideration they received. Instead, plaintiffs continue to
15 accept and enjoy the benefits of their bargain with defendants,
16 while flagrantly violating their obligations under the
17 agreement.

18 B. Plaintiffs' Violations of the Release Agreements

19 Plaintiffs have repeatedly and flagrantly violated the
20 release agreements. First, they ~~commenced this lawsuit,~~ in
21 violation of the covenant not to sue. Second, they blatantly
22 ~~disregarded their promises not to divulge information about~~
23 ~~their experiences while members and staff of the Church of~~
24 ~~Scientology and not to cooperate or appear voluntarily in other~~
25 ~~proceeding against the Church.~~

26 Plaintiffs met several times with Joseph Yanny, a former
27 attorney for the Church who is now in litigation with the
28 Church over his improper billings of the Church and his

1 breaches of his fiduciary and attorney-client relationship with
2 the Church. (Declaration of Kendrick Moxon at paras. 5, 6.)
3 These meetings occurred between March 18, 1988 to March 31,
4 1988. Plaintiffs discussed with Yanny this lawsuit, the nature
5 of their claims, their statute of limitations, problems and
6 other issues. They also discussed strategy with Yanny, and
7 each provided the other with what they knew about defendants'
8 approaches to litigation and how to exploit what they perceived
9 as weaknesses in these approaches. These breaches of
10 obligations to defendants by the Aznarans were designed to
11 assist Yanny in his litigation against the Church and Yanny's
12 breaches of his attorney-client obligations to defendants were
13 designed to assist the Aznarans in the instant action.

14 (Declaration of Kendrick Moxon at para. 6.)

15 In June of 1988, plaintiffs again breached their agreement
16 to maintain confidentiality by meeting for over eight hours
17 with two Los Angeles Times reporters and discussing their
18 experiences with various of the defendants, including the
19 Religious Technology Center, both real and imagined. (See
20 Declaration of Kendrick Moxon, Exhibit G thereto; Depo. of
21 Vicki Aznaran at 48-59, 55; Ex. I, Depo. of Richard Aznaran
22 at 222-23.)^{3/}

23 The Aznarans also called and met with Bent Corydon,

24 3. The Aznarans' meeting with the Los Angeles Times was a
25 result of a threat made by Joseph Yanny against defendants.
26 Yanny threatened defendants that, if they did not drop their
27 lawsuit against him, he would himself go to the LA Times. When
28 defendants proceeded with their litigation against Yanny for his
breaches of his fiduciary duty, Yanny, who had been working
closely with the Aznarans, sent the Aznarans instead.
(Declaration of Mark C. Rathbun at para. 17.)

1 another litigant against the Church, and discussed with him
2 ~~their version of experiences with the Religious Technology~~
3 ~~Center and other Church entities.~~ These discussions occurred
4 during the time that Corydon was involved in litigation
5 against RTC and others. ~~Vicki Aznaran has also voluntarily~~
6 ~~authored various declarations and affidavits (5 in total) for~~
7 ~~use in that Corydon lawsuit and in another lawsuit brought by~~
8 ~~Corydon against various Churches of Scientology.~~ The most
9 recent affidavit was executed on September 29, 1989.

10 (Declaration of Kendrick Moxon at paras. 8, 9, 10.)

11 In another case as well, RTC v. Robin Scott/Larry
12 Wollersheim, Case Nos. CV 85-711 JMI 85-7197 JMI, Vicki
13 Aznaran ~~voluntarily met with parties in litigation against the~~
14 ~~Church in June 1988 and, in October, 1988, voluntarily filed a~~
15 ~~declaration which contained statements and allegations in~~
16 ~~violation of her release agreement with defendants herein. In~~
17 ~~this declaration, Vicki Aznaran described the chronology of her~~
18 ~~purported experiences while a member and staff member of~~
19 ~~different Churches of Scientology.~~ (Declaration of Kendrick
20 Moxon at para. 11.)

21 These breaches of the release agreements ~~have caused~~
22 ~~irreparable harm to defendants.~~ In addition to forcing
23 defendants to expend enormous resources in defending this
24 action, defendants are injured by the disclosure of information
25 plaintiffs learned while they were in a ~~fiduciary relationship~~
26 ~~to defendants,~~ including material protected by the

27 ///

28 ///

1 attorney-client privilege.^{4/} All of these disclosures were
2 blatantly violative of the release agreements.

3 ARGUMENT

4 I.

5 DEFENDANTS ARE ENTITLED

6 TO A PRELIMINARY INJUNCTION

7 In this Circuit, a preliminary injunction is available to a
8 party who demonstrates either:

9 (1) a combination for probable success and the
10 possibility of irreparable harm, or (2) that
11 serious questions are raised and the balance of
12 hardships tips in its favor. 'These two
13 formulations represent two points on a sliding
14 scale in which the required degree of irreparable
15 harm increases as the probability of success
16 decreases.'

17 4. From about 1972 to 1987, Vicki Aznaran was a member of the
18 staff of one or another Church of Scientology. Ex. G,
19 Deposition of Vicki Aznaran at 340-41, 979. In or about 1978,
20 Vicki Aznaran joined the Sea Org, a fraternal and
21 ecclesiastical organization within the religion.

22 Vicki rose in responsibility during her tenure with the
23 Church and her membership in the Sea Organization, until in May
24 of 1985 she assumed the responsibilities of Inspector General
25 of the Religious Technology Center ("RTC"). Ex. G at p. 1003.
26 This position was one of the highest ecclesiastical positions
27 in the religion, as the RTC was responsible for preserving the
28 integrity of the religious practices of the organized churches
of Scientology in accordance with the scriptural works of the
Founder of the religion. (Ex. G at p. 218-220.)

Vicki Aznaran has testified that, as the head of RTC, Vicki
had overall responsibility for all the legal affairs of RTC.
Vicki had the final approval on pleadings and papers filed in
RTC litigation, and regularly worked with RTC attorneys on both
litigation and non-litigation matters. (Exhibit J, Vicki
Aznaran Declaration, August 9, 1988, paras. 3, 8.)

1 Arcamuzi v. Continental Air Lines, 819 F. 2d 935, 937 (9th
2 Cir. 1987), quoting from Oakland Tribune, Inc., v.
3 Chronical Publishing Co., 762 F.2d 1374, 1376 (9th Cir.
4 1985).

5 Under either of the standards articulated above,
6 defendants are entitled to a preliminary injunction.
7 Defendants have raised more than serious questions about
8 whether the release and waiver agreements bar the Aznarans from
9 prosecuting this lawsuit and from violating the confidentiality
10 and non-disclosure provisions of their agreements with
11 defendants. Indeed, defendants' showing on the merits meets
12 the probable success prong of the standard.

13 Further it is indisputable that defendants have been
14 harmed by plaintiffs' violations of the agreements and, in the
15 absence of preliminary injunctive relief, that defendants will
16 suffer further irreparable harm. Plaintiffs, by contrast, will
17 suffer no harm from any delay occasioned by a determination of
18 the enforceability of the releases prior to any further
19 litigation of the merits of the case.

20 A. Defendants Are Likely to Succeed
21 In Demonstrating That The Release
22 And Waiver Agreements Are Enforceable

23 Plaintiffs received valuable consideration in exchange for
24 their waivers of potential claims and their agreements to
25 maintain confidentiality. The agreements were entered into
26 knowingly and willingly by plaintiffs, or at most, were
27 voidable and have been repeatedly ratified by plaintiffs'
28 conduct. These agreements on their face prohibit plaintiffs

1 from prosecuting the claims set forth in their complaint, and
2 from disclosing information and volunteering as witnesses in
3 other litigation against defendants.

4 1. The Releases are Valid and Enforceable

5 The Releases signed by plaintiffs are valid and
6 enforceable under California law. Since the Releases are in
7 writing, they are valid even absent consideration. See
8 Cal.Civil Code § 1541 ("An obligation is extinguished by a
9 release therefrom given to the debtor by the creditor, upon a
10 new consideration, or in writing, with or without new
11 consideration"). See also Tenzer v. Superscope, 39
12 Cal.3d 18, 31 n. 7, 216 Cal.Rptr. 130, 137 n.7 (1985)
13 ("Civil Code Section 1541 permits the extinction of an
14 obligation, unsupported by considerations, provided that the
15 release is in writing").

16 Moreover, the plaintiffs received consideration for
17 executing the Releases. Defendants promised to indemnify
18 plaintiffs against claims based on plaintiffs' association
19 with the Church of Scientology. (Ex. A at para. 2.) This
20 promise was particularly valuable to Vicki Aznaran, since at
21 the time the Releases were executed, Vicki Aznaran had been
22 named as a defendant in a lawsuit that had been brought against
23 the Church of Scientology. See pp. 4 and 6 supra. Richard
24 Aznaran was paid \$1,040.90 as full settlement for personal
25 property belonging to Richard Aznaran which had been destroyed
26 in a fire and \$387.37 in wages owed to Richard Aznaran. (Ex.
27 C at paras. C and D.) And, as noted above, defendants also
28 gave plaintiffs a loan of \$20,000 on extremely favorable

1 terms.^{5/}

2 Finally, it should be noted that the two identical Releases
3 (Exhibits A and B) are mutual. Defendants released the
4 Aznarans from any and all claims "of every kind and nature,
5 known or unknown, for or because of any act or omission
6 allegedly done by plaintiffs from the beginning of time to and
7 including the date of execution." (Ex. A at para. 4; Ex. B
8 at para. 4.) As the former president of RTC, removed from her
9 position because of her misfeasance in office, Vicki had
10 substantial potential liability. The mutuality of the Releases
11 thus conferred substantial benefit and consideration to
12 plaintiffs.

13 2. At Most, The Releases Were Voidable;

14 Since Plaintiffs Have Repeatedly Ratified
15 The Releases, They Are Enforceable

16 Defendants submit that plaintiffs signed the releases
17 completely free of any sort of coercion, undue influence, duress
18 or mistake. See Defendants' May 8, 1989 Reply Memorandum In
19 Support of Motion for Summary Judgment at pages 15-36. In its

20 5. Although the Releases signed by plaintiffs do not recite
21 the twenty thousand dollar (\$20,000) loan as part of the
22 consideration for the Releases, the Loan Agreement and the
23 Releases were signed contemporaneously. Moreover, both the loan
24 agreement and the Releases concerned the same subject matters:
25 the documents were to terminate the connections between the
26 plaintiffs and the Church of Scientology. California Civil Code
27 § 1642 states that agreements "relating to the same subject
28 matter and executed as parts of substantially one transaction
are to be construed together as one contract." Huckell v.
Matranga, 99 Cal.App.3d 471, 481, 160 Cal.Rptr. 177, 183
(1979) (citations omitted). Accord, IMO Development Corp.
v. Dow Corning, 135 Cal.App.3d 451, 463, 185 Cal.Rptr.
341, 348 (1982). Thus, the Loan Agreement and the Releases
must be read as one contract, and the loan is clearly
consideration for plaintiffs' Releases.

1 May 25, 1989 Order Denying Defendants' Motion for Summary
2 Judgment, this Court decided that there are issues of fact as to
3 whether plaintiffs consented to the release and waiver
4 agreements. Defendants respectfully disagree and submit that,
5 at most, the Releases were voidable, not absolutely void.
6 Cal.Civ.Code §§ 1566, 1567.^{6/} This distinction means that
7 the allegedly wronged party must act in a timely and affirmative
8 manner to rescind a voidable contract. The allegedly wronged
9 party can also ratify a voidable contract by his or her
10 subsequent conduct, as plaintiffs have done in this case.
11 Cal.Civ. Code § 1588. However, the point to determine these
12 questions is now, in the context of a full evidentiary hearing,
13 prior to continuing any further in this case.

14 Only in rare situations where fraud or duress goes to the
15 inception or execution of the agreement, so that the promisor
16 is deceived as to the very nature of his act, and actually does
17 not intend to enter into a contract at all, is the contract
18 void. 1 Witkin, Summary of California Law (Ninth Ed.) Contracts
19 §§ 405, 417 (1987). Thus, for example, in Meyer v. Haas,

20 ^{6.} Cal. Civ. Code § 1586 states:

21 A consent which is not free is nevertheless not
22 absolutely void, but may be rescinded by the
23 parties, in the manner prescribed by the Chapter
on Rescission.

24 Section 1567 states:

25 An apparent consent is not real or free when
obtained through:

- 26 9. Duress
27 10. Menace
11. Fraud
28 12. Undue influence; or
13. Mistake

1 126 Cal. 560, 583, 58 P. 1042 (1899), plaintiff who could not
2 read English, signed a release relying on the representation of
3 his agent, who also acted as agent for the adverse party, that
4 the instrument actually was a receipt. The court held the
5 release void.^{7/}

6 As this Restatement analysis shows, plaintiffs' Releases
7 were, at most, voidable and not absolutely void.

8 Plaintiffs here were quite well aware of the nature of the
9 documents they were signing. In his deposition, Richard
10 Aznaran testified that he knew he was signing a release in
11 favor of the Church. Plaintiffs' Exhibit C in Opposition to
12 Summary Judgment ("Pl. Ex. C") at 154, 190. He further

13 7. The Restatement of Contracts (Second) §§ 174-175 makes
14 this distinction clear. Section 174 provides:

15 If conduct that appears to be a manifestation of
16 assent by a party who does not intend to engage in
17 that conduct is physically compelled by duress,
the conduct is not effective as a manifestation of
assent.

18 The Restatement gives the following example of this
19 "relatively rare situation": B refuses to sign a contract. A
20 grabs B's hand and compels B by physical force to write his
21 name. B's signature is not effective as a manifestation of his
22 assent, and there is no contract. Plaintiffs do not allege any
23 facts showing that this sort of force or duress occurred here.

24 Restatement § 175(1) describes the sort of duress that
25 renders a contract voidable:

26 If a party's manifestation of assent is induced by
27 an improper threat by the other party that leaves
28 the victim no reasonable alternative, the contract
is voidable by the victim.

Comment b to § 175(1) states that, to render a contract
voidable, there must have been threats which "arouse such fear
as precludes a party from exercising free will and judgment or
that [are] such as would induce assent on the part of a brave or
a man of ordinary firmness."

1 testified, "I can recall signing a release which contained many
2 of these same type of provisions: although he alleges that he
3 does not recall the exact provisions of the release he signed.
4 Id. at 58. Vicki Aznaran testified, "I signed a whole stack
5 of documents the day I left that I did not thoroughly read" but
6 that there was a release which she "skimmed over." (Pl. Ex. D
7 at 483-87.) She testified that she was completely aware she was
8 signing a release but that she "didn't pay a whole lot of
9 attention to that release." Id. at 898-99. Thus, there is
10 no dispute that both plaintiffs were entirely conscious of the
11 fact that they were signing releases in which they promised not
12 to sue the Church and to maintain confidentiality.^{8/}

13 Plaintiffs were completely aware of the nature of their
14 agreements and fully understood them. Vicki, for example,
15 became employed at a law firm in Dallas shortly after her

16
17 8. Plaintiffs further testified that they both were
18 sophisticated in legal matters and familiar with releases.
19 Richard Aznaran testified that he was familiar with mutual
20 release agreements. He previously had seen the same type of
21 release agreement he signed, and had read and discussed releases
generally with others before he signed his release of
defendants. Ex. I at 132-133. Vicki Aznaran testified that,
while a member of Scientology, she had significant experience
with defendants' legal affairs:

22 As president of RTC ... I attended many meetings
23 concerning the numerous legal actions involving
24 Scientology. During this time period, I had
25 personal access to all legal documents having to
26 do with RTC. I received a report every day on
27 my computer that included a synopsis of each
ongoing legal case involving Scientology. I
received, or so I was told, copies of every major
motion filed in cases involving Scientology. I
was on the "approval lines" for legal documents
dealing with RTC.

28 Ex. J at paras. 8-10.

1 departure from the Church in California. (Declaration of William
2 Neil at para 3.) She was extremely competent legally, and at
3 least one partner in the firm consistently relied upon her
4 expertise in competently handling legal matters. (Declaration of
5 William Neil at para 4.) Thus, at most, the releases were
6 voidable and not absolutely void.

7 Plaintiffs have never even alleged that they have
8 rescinded or restored the consideration. (Declaration of Mark
9 C. Rathbun at para. 16.) Instead, they have ratified the
10 releases. As a matter of law, plaintiffs' continued acceptance
11 and enjoyment of the benefits of the transaction, well beyond
12 the time they left the Church and beyond the time they claim to
13 have been under the Church's influence, as a matter of law
14 constitutes consent to and ratification of all obligations of
15 the transactions, including the releases. Cal.Civ. Code §
16 1589.

17 The test of ratification by conduct is whether the
18 allegedly wronged party, with knowledge of the material facts
19 entitling him to rescind, engaged in unequivocal conduct giving
20 rise to the inference that he or she intended to ratify. The
21 undisputed actions of plaintiffs here as a matter of law more
22 than constitute ratification by conduct. E.g., Union
23 Pacific R. Co. v. Zimmer, 87 Cal.App.2d 524, 197 P.2d
24 363, 368 (1948). Plaintiffs have retained and used the
25 proceeds of a \$20,000 loan which was part of their settlement
26 of all potential claims with the Church. They received the
27 benefits of defendants' indemnification agreement in two
28 multi-million dollar lawsuits. This conduct alone has been

1 held sufficient to constitute ratification. Id.

2 Plaintiffs are attempting to "have it both ways." They
3 retain the consideration they received from the Church's attempt
4 to avoid the effect of their releases of the Church. California
5 courts have rejected this type of self-serving approach:

6 [I]t is axiomatic that in such an instance the
7 entitled party must rescind the entire contract
8 and may not retain the rights under it which he
9 deems desirable and repudiate the remainder. The
10 rationale underlying the rule is that retention of
11 only the benefits constitutes unjust enrichment
12 and binds the parties to terms not contemplated
13 within the agreement.

14 IMO Development Corp. v. Down Corning, 135 Cal.App.3d at
15 458, 185 Cal.Rptr. at 345 (citations omitted). Under
16 California law, a settlement agreement may not be rescinded
17 partially. E.g., Larsen v. Johannes, 7 Cal.App.3d 491,
18 503, 86 Cal.Rptr. 744, 751 (1970). Plaintiffs never
19 rescinded their settlement agreement with the Church, have not
20 restored the benefits they received, and instead have ratified
21 the releases.

22 3. The Releases Bar Plaintiffs From
23 Discussing Their Experiences
24 With the Church And From
25 Volunteering To Be Witnesses
26 Against The Church

27 A release, like any other contract, is to be interpreted
28 according to its terms. Yeng Sue Chow v. Levi Strauss & Co.,

1 49 Cal.App.3d 315, 328 122 Cal.Rptr. 816, 823-24 (1975);
2 Hofland v. Gustafson, 132 Cal.App.2d 907, 909, 282 P.2d 1039
3 (1955). If the terms are clear, they are to be given effect.
4 Yeng Sue Chow v. Levi Strauss & Co., supra; Brae
5 Transportation Inc. v. Coopers & Lybrand, 790 F.2d 1439,
6 1443 (9th Cir. 1986) (applying California law).

7 The Releases here plainly state that plaintiffs will
8 maintain "strict confidentiality ... with respect to [their]
9 experiences with the Church of Scientology and any knowledge or
10 information [they] may have concerning the Church of
11 Scientology. ..." (Ex. A at para. 6C; Ex. B at para. 6C.)
12 The Releases also explicitly bar plaintiffs from "voluntarily
13 assist[ing] or cooperat[ing] ... in any proceeding against any
14 of the Scientology organizations," (Ex. A at para. 6E; Ex. B
15 at para. 6E), and from "testify[ing] or otherwise
16 participat[ing] in any ... judicial proceeding adverse to
17 Scientology ... unless compelled to do so by lawful subpoena or
18 other lawful process." (Ex. A at para. 6F; Ex. B at 6F.)
19 These promises, which are completely standard settlement
20 provisions and entirely enforceable, have been utterly ignored
21 by plaintiffs. See pp. 8 to 12, supra.

22 4. The Releases Bar Plaintiffs From
23 Prosecuting This Lawsuit

24 The Releases signed by plaintiffs clearly and explicitly
25 state the plaintiffs "release, acquit and forever discharge ...
26 any and all claims, demands, damages, actions and causes of
27 action of every kind and nature, known or unknown, from the
28 beginning of time until the date hereof." (Exhibit A at para. 3;

1 Exhibit B at para. 3.) See also Exhibit C at para. 1. By
2 their terms, therefore, the Releases bar all the claims asserted
3 by plaintiffs insofar as they arise out of acts occurring before
4 the signing of the Releases. The terms of the Releases bar
5 plaintiffs' tort claims as well as their contract claims.
6 See, e.g., Brae Transp. v. Coopers & Lybrand, supra
7 (breach of stock purchase agreement); Donnelly v. Ayer, 183
8 Cal.App.3d 978, 228 Cal.Rptr. 764 (1986) (attorney
9 malpractice).

10 The Releases signed by plaintiffs bar all of the instant
11 claims, known or unknown. Where, as in the instant case, a
12 releasor also knows or suspects that he has suffered some harm
13 but he nevertheless signs a full release, the releasor is bound
14 by the terms of the release. See Cohn v. Bugas, 42
15 Cal.App.3d 381, 116 Cal.Rptr. 810 (1974); Grebe v. McDaniel,
16 265 Cal.App.2d 901, 71 Cal.Rptr. 662 (1968); Commercial Ins.
17 Co. of Newark, New Jersey v. Copeland, 248 Cal.App.2d 561, 56
18 Cal.Rptr. 794 (1967).

19 The plaintiff in Cohn v. Bugas, supra, had been injured
20 in a car accident and had subsequently executed a release. At
21 the time the release was executed, plaintiff knew she had a
22 cervical sprain. A year later, she suffered a cervical fusion
23 arising from the accident, and she attempted to bring suit. The
24 court held that, because plaintiff knew she had suffered some
25 back problems at the time she signed the release, the release
26 barred her suit. 42 Cal.App.3d at 391, 116 Cal.Rptr. at 817.

27 The plaintiff in Grebe v. McDaniel, supra, was also
28 injured in an automobile accident. At the time she executed her

1 release, she was aware of pain in her neck and back. She
2 claimed to be unaware of the full seriousness of the injuries,
3 however, and brought suit. The court held that the release
4 barred her suit. The court stated:

5 Here plaintiff knew, at time of release, of the
6 general nature and location of her injury and of
7 continuing effects from it. Her lack of detailed
8 knowledge of the medical terminology applying to
9 it, and of the specific treatment required, is not
10 enough to limit the bar of the release.

11 71 Cal.Rptr. at 663.

12 In Commercial Ins. Co. v. Copeland, the plaintiff
13 suffered back pains about a month after a car accident. Despite
14 her suspicions that the car accident was the cause, she
15 nevertheless signed a release. The court held that the release
16 barred any possible cause of action for the back pain because of
17 her mere suspicion that the back pain may have been caused by
18 the accident. 56 Cal.Rptr. at 798.

19 Plaintiffs' own testimony in this case demonstrates that at
20 the time they signed the Releases, they knew of each of the
21 claims which are the basis for the instant suit. The first
22 claim is that Vicki Aznaran was falsely imprisoned during the
23 time she was at Happy Valley. If she had been imprisoned,
24 surely she would have been aware of it. Vicki Aznaran testified
25 of her contemporaneous knowledge of specific alleged events
26 concerning this purported false imprisonment. Indeed, Ms.
27 Aznaran registered complaints to Church staff concerning the
28 conditions at Happy Valley at the time, prior to signing the

1 Releases. Richard Aznaran also testified that he was extremely
2 upset in February of 1987 when he learned that Vicki was at
3 Happy Valley. (Exhibit I at 395-96.)

4 Plaintiffs' second and third claims are for alleged
5 infliction of emotional distress. According to the complaint,
6 plaintiffs suffered such alleged distress prior to the execution
7 of the Releases and with knowledge of the cause of such
8 distress. Ms. Aznaran testified that her auditing from the
9 Church allegedly caused her "psychological trauma or distress"
10 in 1976 and that she attributed two weeks of sickness to this
11 "trauma" at that time. Ms. Aznaran also testified as to a
12 number of persons with whom she discussed her alleged "trauma"
13 in the years 1976-1981, including her husband Richard.

14 Similarly, if plaintiffs' allegations are taken at face
15 value, the plaintiffs' fourth claim for loss of consortium must
16 be barred by the Releases, as the alleged loss occurred prior
17 to the time plaintiffs signed the Releases. Vicki Aznaran has
18 testified that after April 1, 1987, she and her husband could
19 and did engage in sexual relations whenever they chose. Ms.
20 Aznaran also testified that at the time that Richard was posted
21 in San Luis Obispo in January 1986, that he was very upset
22 because it meant that they would be separated. Vicki also
23 testified that in the fall of 1986 she complained and discussed
24 with another staff member that she considered resigning from her
25 position as Inspector General because she was separated from
26 her husband too long. Thus, when the Releases were signed, the
27 plaintiffs were aware of any such alleged loss of consortium.
28 Thus, this claim is barred.

1 The fifth cause of action is for civil conspiracy, based on
2 the actions which allegedly gave rise to the first four causes
3 of action. As discussed above, plaintiffs were aware of the
4 harm allegedly caused by these actions prior to the signing of
5 the Releases, and this claim is barred.

6 The sixth cause of action for fraud is again based entirely
7 on alleged harms arising out of Scientology practices of which
8 the plaintiffs were well aware prior to the day on which they
9 signed the Releases. Richard Aznaran testified that when he was
10 on staff he believed that the Church's goals were merely to make
11 money -- not to provide spiritual services to its parishioners.
12 Richard also testified that he never believed in the goals of
13 the Sea Organization. When plaintiffs signed the Releases,
14 therefore, their purported fraud claim was fully known to them.
15 Indeed, if there is any fraud, it was perpetrated by
16 plaintiffs.

17 The Complaint's Seventh Cause of Action for breach of
18 contract alleges that defendants had promised to provide
19 "spiritual or psychological services" but did not provide such
20 services. Vicki Aznaran testified that she told a number of
21 persons in 1977 that her auditing and auditor training had
22 caused her "psychological trauma" and had exercised "undue
23 influence" over her. Plaintiffs obviously knew whether they
24 were provided such services at the time they signed the
25 Releases. Even if plaintiffs were arguably oblivious to this
26 claim when they signed the Releases, the Releases would still
27 bar the prosecution of this claim. Indeed, the California
28 courts have ruled a general release encompasses all contract

1 claims, known or unknown. Larsen v. Johannes, 7 Cal.App.3d
2 491, 504-506, 86 Cal.Rptr. 744, 751-753 (1970).

3 In the eighth cause of action for restitution, plaintiffs
4 claim to be dissatisfied and seek a refund for the purported
5 cost of all Scientology services for 15 years. As noted in the
6 preceding paragraph, Ms. Aznaran expressed dissatisfaction with
7 her auditing as long as 10 years ago. Obviously, plaintiffs
8 must have been aware of their alleged dissatisfaction prior to
9 signing the Releases.

10 Plaintiffs' ninth cause of action concerns alleged
11 invasion of Vicki Aznaran's privacy. The only harm alleged in
12 the complaint was for the emotional pain allegedly suffered by
13 Vicki Aznaran when she acknowledges that she learned of the
14 so-called "invasions of privacy" which occurred prior to her
15 signing a Release. Complaint at paras. 72-74. Clearly,
16 therefore, the Releases bar prosecution of this claim by virtue
17 of admissions on the face of the complaint.

18 The tenth cause of action, alleging non-payment of minimum
19 wages and overtime, again relates to actions done prior to the
20 signing of the Releases. Ms. Aznaran testified that she was
21 aware of the low pay on staff a year before she ever joined
22 Church staff. See para. 19 of the Complaint. Moreover, the
23 separate Release signed by Richard Aznaran specifically
24 concerns, among other things, wages paid to Richard. (Ex. C at
25 para. D.)

26 The eleventh cause of action for constructive fraud
27 basically reiterates the fraud claim discussed above, but adds
28 that the allegedly fraudulent statements induced plaintiffs to

1 enter a fiduciary relationship with defendants. For the same
2 reasons that the fraud claim is barred by the Releases, the
3 constructive fraud claim is barred by the Releases.

4 5. A Preliminary Injunction Is Appropriate

5 To Compel Compliance With An Agreement

6 A preliminary injunction is properly granted to compel
7 compliance with an agreement. TNT Marketing, Inc. v.
8 Agresti, 796 F.2d 276, 278 (9th Cir. 1986). In Federal
9 Leasing Inc. v. Underwriters at Lloyds, 650 F.2d 495, 496
10 (4th Cir. 1981), the Fourth Circuit held that it was proper
11 for the lower court to enter a preliminary injunction
12 requiring the parties to comply with an entered settlement
13 agreement. Indeed, courts routinely enter preliminary
14 injunctions where there has been a breach or threatened breach
15 of contract. Mississippi Power & Light Co. v. United Gas
16 Pipe Line Co., 760 F.2d 618 (5th Cir. 1985); Yeargin
17 Construction Company, Inc. v. Parsons & Whittemore
18 Alabama Machinery & Service Corp., 609 F.2d 829 (5th Cir.
19 1980); Central Illinois Public Service Company v.
20 Consolidated Coal Company, 527 F.Supp. 58 (C.D. Illinois
21 1981), aff'd, 673 F.2d 1333 (7th Cir. 1981); Philipp
22 Brothers Division of Engelhard Minerals & Chemicals v. El
23 Salto, S.A., 487 F.Supp. 91 (S.D.N.Y. 1980); Collins &
24 Company, General Contractors, Inc. v. Claytor, 476
25 F.Supp. 407 (N.D. Ga. 1979).

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1 B. Defendants Will Suffer Irreparable
2 Harm Unless A Preliminary Injunction
3 Is Issued

4 The mutual releases between plaintiffs and defendants gave
5 three principal benefits to defendants. First, plaintiffs
6 waived any potential claims against defendants and promised not
7 to sue defendants. (Ex. A at para. 3, 4; Ex. B at paras.
8 3, 4.) Second, plaintiffs promised to maintain confidentiality
9 and to refrain from revealing ecclesiastic secrets, or
10 otherwise discussing their experiences while they were members
11 and officers of the Church. (Ex. A at 6C; Ex. B at para.
12 6C.) Third, plaintiffs agreed that they would not voluntarily
13 testify or otherwise participate in judicial proceedings
14 against the Church or assist anyone in litigation against the
15 Church unless compelled to do so by lawful process. (Ex. A
16 at paras. 6F, 8; Ex. B at para. 6F, 8.)

17 All three of these provisions have been violated, causing
18 irreparable injury to defendants. Plaintiffs' bringing of this
19 lawsuit has caused defendants to expend enormous time and
20 financial resources defending a burdensome lawsuit. Moreover,
21 given the Aznarans' declarations about their inability to
22 finance their own litigation other than by offering a
23 contingency fee, it will be impossible for defendants ever to
24 recover from plaintiffs the costs of defending. Thus, the
25 substantial burden and cost to defendants will never be
26 recovered. The only opportunity for effective relief for this
27 injury is in the present, because, as the Aznarans have
28 testified, they have no funds which could be used to satisfy a

1 damage judgment against them. This injury obviously is
2 irreparable.

3 In addition to bringing this lawsuit, plaintiffs have
4 assisted several others in suing the Church. As discussed in
5 the declaration of Kendrick L. Moxon, plaintiffs on numerous
6 occasions have filed declarations and affidavits in support of
7 other plaintiffs who are litigating against the Church. (Moxon
8 Declaration at paras. 9-11.) In each case, plaintiffs did so
9 voluntarily, without any subpoena or other lawful process.
10 Id. Plaintiffs have also helped others who have contemplated
11 suing the Church, giving them information and advice about
12 strategy. (Moxon Declaration at para. 3.) Finally, in flagrant
13 disregard of their agreement, plaintiffs spent over ten hours in
14 taped interviews with the Los Angeles Times, in a deliberate
15 attempt to harm the Church, done as part of the carrying out of
16 a threat by Joseph Yanny. See note 4, supra. The
17 injury to defendants from these repeated, deliberate violations
18 of the Releases is obvious. Defendants are forced to suffer
19 the negative effects resulting from, for example, disclosures
20 to the Los Angeles Times, with the attendant potential loss
21 of good will toward the Church and adverse impacts on the
22 Church's relationships with its members. Such injury is
23 incalculable and irreparable.

24 Moreover, the irreparable harm which defendants would
25 suffer from being forced to litigate the merits of this action
26 -- even if defendants ultimately prevail on the release issue
27 after plenary trial -- goes far beyond the high financial loss
28 and burden, however.

1 This case involves complex ecclesiastical issues, going to
2 the truth or falsity of defendants' religious beliefs and
3 practices. Much of the case is clearly non-justiciable under
4 the First Amendment. See Defendants' Memorandum and Reply
5 Memorandum in Support of Motion to Dismiss.

6 Litigation of such issues as religiosity, the truth or
7 falsity of religious doctrine, and the propriety of peaceful and
8 voluntary religious practices would constitute a highly
9 intrusive entanglement of the Court in ecclesiastical matters.
10 Such entangling is itself constitutionally suspect and
11 potentially violative of defendants' First Amendment rights.
12 Walz v. Tax Commission, 397 U.S. 664, 675, 90 S.Ct. 1409
13 (1970); Lemon v. Kurtzman, 403 U.S. 602, 620, 624-35, 91
14 S.Ct. 2125 (1971). As Chief Justice Burger wrote, "[i]t is
15 not only the conclusions that may be reached ... which may
16 impinge on rights guaranteed by the Religious Clauses, but
17 also the very process of inquiry leading to finding and
18 conclusions." NLRB v. Catholic Bishop of Chicago, 440
19 U.S. 490, 502, 99 S.Ct. 1313 (1979). See also Surinach
20 v. Pesquera de Busquets, 604 F.2d 73 (1st Cir. 1979).

21 It was, in major part, to avoid the potential for such an
22 entangling inquiry that the defendants entered into the release
23 agreements. Failure to enforce them as a threshold matter
24 will cause the defendants irreparable harm. The Court will
25 have permitted trial of the very practices and beliefs of
26 defendants. At that point, even if the defendants were to
27 prevail at trial, it will be impossible to "unring the bell" of
28 improper disclosure, Maness v. Meyers, 419 U.S. 449, 460,

95 S.Ct. 585 (1975) (Burger, J.), too late to prevent the invasion of the privacy of the religious believes and practices of all Scientologists,^{9/} too late to prevent the chilling effect upon religious practice by members and upon religious proselytizing in which the Church is entitled to engage,^{10/} too late to prevent the chilling effect upon

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9. Cf. Buckley v. Valeo, 424 U.S. 1, 64, 96 S.Ct. 612 (1976) ("disclosure, in itself, can seriously infringe on privacy of association and belief guaranteed by the First Amendment").

10. See Watkins v. United States, 354 U.S. 178, 197, 77 S.Ct. 1173 (1957) (when "revelations concern matters that are unorthodox, unpopular, or even hateful to the general public, the reaction in the life of the witness may be disastrous").

1 religious practice by members and upon religious proselytizing
2 in which the Church is entitled to engage,^{11/} and too late
3 to prevent the improper and inexcusable breach in the "wall of
4 separation" between church and state^{12/} which this Court
5 is required to protect.

6 C. The Balance Of Equities Tips Decidedly
7 In Favor Of Granting A Preliminary
8 Injunction

9 Compared to the significant irreparable harm that
10 defendants will suffer in the absence of a preliminary
11 injunction, the only harm plaintiffs will even arguably suffer
12 by the issuance of such an order would be temporary delay in the
13 prosecution of their lawsuit until the Court finally determines
14 whether the release agreements bar plaintiffs from prosecuting
15 their claims and from violating the confidentiality provisions.
16 If the Court ultimately holds that the releases do bar the
17 claims, plaintiffs will have suffered no harm at all. In the
18 unlikely event that the Court finds that the agreements do not
19 apply to plaintiffs' claims or that they are not effective,
20 plaintiffs will soon be free to prosecute their claims. It is
21 hard to conceive of such minor delay as causing a substantial
22 harm to plaintiffs at all. It certainly pales in comparison to
23 the irreparable harm which has occurred and will occur to

24 11. See Cantwell v. Connecticut, 310 U.S. 296, 60
25 S.Ct. 900 (1940).

26 12. Everson v. Board of Education, 330 U.S. 1, 16 (1947).
27 Such an "entanglement" between the affairs of church and state
28 is "an independent evil against which the Religious Clauses
were intended to protect." Lemon v. Kurtzman, 403 U.S. 602,
624-25, 67 S.Ct. 504 (1971).

1 defendants in the absence of a preliminary injunction. The
2 balance of hardships therefore tips decidedly in favor of
3 granting the injunction.

4 CONCLUSION

5 Wherefore, for the reasons given above, defendants
6 respectfully request that this Court:

7 (1) Enter an order preliminarily enjoining plaintiffs
8 during the pendency of this case from disseminating any
9 confidences of defendants or information concerning their
10 experiences with defendants outside of the papers or proceedings
11 of this lawsuit;

12 (2) Enter an order preliminarily enjoining plaintiffs from
13 voluntarily assisting or cooperating in any proceeding with any
14 person adverse to defendants herein, unless compelled to do so
15 by lawful subpoena or other lawful process;

16 (3) Enter an order preliminarily enjoining plaintiffs from
17 voluntarily testifying or otherwise participating in any
18 judicial, administrative or legislative proceeding adverse to
19 defendants, unless compelled to do so by lawful subpoena or
20 other lawful process;

21 (4) Enter an order preliminarily enjoining plaintiffs from
22 prosecuting this action, until the Court finally determines the
23 question of whether plaintiffs' claims are barred by the release
24 agreements;

25 (5) Order a separate evidentiary hearing on any questions
26 of fact concerning the validity and effect of the releases
27 signed by plaintiffs, such hearing to be held in advance of any
28 trial or motions relating to other aspects of this lawsuit, to

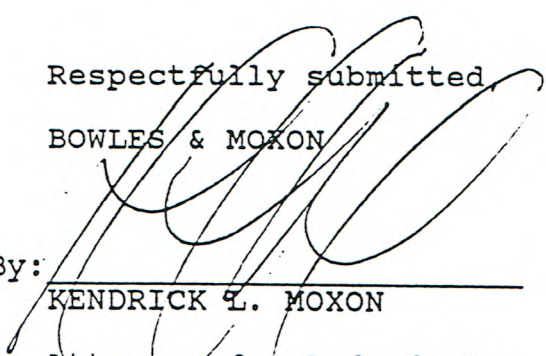
1 enable the Court to make informed findings of fact prior to
2 adjudication of the release issues; and

3 (6) That this Court take such other action as justice
4 requires.

5 Dated: November 9, 1989

Respectfully submitted

BOWLES & MOXON

By: 
KENDRICK L. MOXON

Attorney for Defendants

COOLEY, MANION, MOORE
& JONES, P.C.
EARLE C. COOLEY
Attorneys for Defendants
Church of Spiritual
Technology and Religious
Technology Center

RABINOWITZ, BOUDIN,
STANDARD, KRINSKY
& LIEBERMAN, P.C.
ERIC M. LIEBERMAN
Attorneys for Defendant
Church of Scientology
International

MICHAEL HERTZBERG
Attorney for Defendant
Author Services, Inc.

MUTUAL RELEASE AGREEMENT

1. This MUTUAL RELEASE AGREEMENT is made and entered into by and between VICKI AZNARAN and the Religious Technology Center; Church of Scientology International; Church of Scientology of California; Church of Spiritual Technology; all other Scientology organizations or entities as well as the officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns, and legal counsel of each of the forgoing organizations or entities; Pat Broeker and Anne Broeker (hereinafter collectively referred to as the "CHURCH"); and Author Services Incorporated, it's officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns and legal counsel; the Estate of L. Ron Hubbard, it's executor, beneficiaries, legal counsel and employees; Author's Family Trust, it's trustee, employees, beneficiaries, and legal counsel (hereinafter collectively referred to as the "ESTATE/ASI").

2. The CHURCH agrees to indemnify VICKI AZNARAN against any damages stemming from lawsuits which exist now or are brought against her in the future arising out of her association with the Church of Scientology or any posts she has held in the Church. It is understood that as a part of this agreement the CHURCH will provide free legal counsel to VICKI AZNARAN providing she cooperates fully with the CHURCH and CHURCH attorneys and she contacts the CHURCH immediately when she becomes aware of any potential or real legal threat to herself and/or the CHURCH.

3. For and in consideration of the above mutual covenants, conditions and release contained herein, VICKI AZNARAN does hereby release, acquit and forever discharge for herself, her heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.

4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, VICKI AZNARAN, her agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by VICKI AZNARAN from the beginning of time to and including the date hereof.

5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, VICKI AZNARAN acknowledges that she has released the organizations, individuals and entities listed in Paragraph 1.

6. Further, the undersigned hereby agree to the following:

A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. VICKI AZNARAN has been fully advised and understands that any alleged injuries or alleged money claims sustained by her are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by VICKI AZNARAN; nevertheless, VICKI AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. VICKI AZNARAN understands that by the execution of this release no claims arising out of her experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by her or on her behalf, against the CHURCH and the ESTATE/ASI.

C. VICKI AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning her experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. VICKI AZNARAN further agrees that she will maintain strict confidentiality and silence with respect to her experiences with the Church of Scientology and any knowledge or information she may have concerning the Church of

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Scientology, L. Ron Hubbard, or any of the organizations, individuals and entities listed in Paragraph 1 above. VICKI AZNARAN expressly understands that the non-disclosure provisions of this subparagraph shall apply, but not be limited to, the contents or substance of any documents she may have possessed while in the Church including but not limited to any tapes, films, photographs, or variations thereof which concern or relate to the religion of Scientology, L. Ron Hubbard, or any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN agrees that if the terms of this paragraph are breached by her, that the aggrieved party listed hereinabove would be entitled to liquidated damages in the amount of \$10,000 for each such breach. The reasonableness of the amount of such damages are hereto acknowledged by VICKI AZNARAN.

D. VICKI AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in her possession, custody or control of any nature - except for any materials she personally possesses that are generally publically available and sold by the Church or their authorized agents - any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.

E. VICKI AZNARAN agrees that she will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals or entities listed in

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Paragraph 1 above in any proceeding against any of the organizations, individuals, or entities listed in Paragraph 1 above. VICKI AZNARAN also agrees that she will not cooperate in any manner with any organizations aligned against Scientology or any of the organizations, individuals, or entities listed in Paragraph 1 above.

F. VICKI AZNARAN agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, VICKI AZNARAN agrees not to discuss her experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or entities listed in Paragraph 1, with anyone other than members of her immediate family. VICKI AZNARAN shall not make herself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.

G. VICKI AZNARAN hereby acknowledges and affirms that she is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that her ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

8. VICKI AZNARAN agrees that she will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.

10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.

11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, VICKI AZNARAN warrants that she fully understand the full nature and legal consequences of this agreement.

12. The parties to this Agreement acknowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.

13. The parties hereto acknowledge that they have not made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.

14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

15. Each party warrants that the persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

16. The parties hereto each agree not to disclose the contents of this executed Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into
and executed this Agreement, on the date opposite their names.

Dated: 9 Apr '87

Vicki Aznar
VICKI AZNARAN

Dated: 13 April 87

RELIGIOUS TECHNOLOGY
CENTER

Dated: 14 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Dated: 13 April 1987

By: [Signature]
CHURCH OF SCIENTOLOGY
CALIFORNIA

Dated: 9 April 1987

By: [Signature]
CHURCH OF SPIRITUAL
TECHNOLOGY

Dated: 13 April 1987

By: [Signature]

AUTHOR SERVICES INC.

Dated: 13 April 1987

By: [Signature]

ESTATE OF L. RON HUBBARD

Dated: 13 April 1987

By: [Signature]

AUTHOR'S FAMILY TRUST

By: [Signature]

MUTUAL RELEASE AGREEMENT

1. This MUTUAL RELEASE AGREEMENT is made and entered into by and between RICK AZNARAN and the Religious Technology Center; Church of Scientology International; Church of Scientology of California; Church of Spiritual Technology; all other Scientology organizations or entities as well as the officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns, and legal counsel of each of the forgoing organizations or entities; Pat Broeker and Anne Broeker (hereinafter collectively referred to as the "CHURCH"); and Author Services Incorporated, it's officers, agents, representatives, employees, volunteers, trustees, directors, successors, assigns and legal counsel; the Estate of L. Ron Hubbard, it's executor, beneficiaries, legal counsel and employees; Author's Family Trust, it's trustee, employees, beneficiaries, and legal counsel (hereinafter collectively referred to as the "ESTATE/ASI").

2. The CHURCH agrees to indemnify RICK AZNARAN against any damages stemming from lawsuits which exist now or are brought against him in the future arising out of his association with the Church of Scientology or any posts he has held in the Church. It is understood that as a part of this agreement the CHURCH will provide free legal counsel to RICK AZNARAN providing he cooperates fully with the CHURCH and CHURCH attorneys and he contacts the CHURCH immediately when he becomes aware of any potential or real legal threat to himself and/or the CHURCH.

3. For and in consideration of the above mutual covenants, conditions and release contained herein, RICK AZNARAN does hereby release, acquit and forever discharge for himself, his heirs, successors, executors, administrators and assigns, the CHURCH and the ESTATE/ASI from any and all claims, demands, damages, actions and causes of action of every kind and nature, known or unknown, from the beginning of time to and including the date hereof.

4. For and in consideration of the mutual covenants, conditions and release contained herein, the CHURCH and the ESTATE/ASI do hereby release, acquit and forever discharge for it, its successors and assigns, RICK AZNARAN, his agents, representatives, heirs, successors, assigns, legal counsel and estate and each of them, of and from any and all claims, causes of action, demands, damages and actions of every kind and nature, known or unknown, for or because of any act or omission allegedly done by RICK AZNARAN from the beginning of time to and including the date hereof.

5. It is understood that this mutual release is not an admission of liability on the part of any party to this Agreement. In executing this Release Agreement, RICK AZNARAN acknowledges that he has released the organizations, individuals and entities listed in Paragraph 1.

6. Further, the undersigned hereby agree to the following:

A. That liability for any claims is expressly denied by each party herein released, and this Agreement shall never be treated as an admission of liability or responsibility at any time for any purpose.

B. RICK AZNARAN has been fully advised and understands that any alleged injuries or alleged money claims sustained by him are of such character that the full extent and type of injuries or money claims may not be known at the date hereof, and it is further understood that said alleged injuries, whether known or unknown at the date hereof, might possibly become progressively worse and that as a result, damages may be sustained by RICK AZNARAN; nevertheless, RICK AZNARAN desires by this document to forever and fully release the CHURCH and the ESTATE/ASI. RICK AZNARAN understands that by the execution of this release no claims arising out of his experience with, or actions by, the CHURCH and the ESTATE/ASI, from the beginning of time to and including the date hereof, which may now exist or which may exist in the future may ever be asserted by him or on his behalf, against the CHURCH and the ESTATE/ASI.

C. RICK AZNARAN agrees never to create or publish or attempt to publish, and/or assist another to create for publication by means of magazine, article, book or other similar form, any writing, or to broadcast, or to assist another to create, write, film or video tape or audio tape, any show, program or movie, concerning his experiences with the Church of Scientology, or personal or indirectly acquired knowledge or information concerning the Church of Scientology, L. Ron Hubbard, or any entities and individuals listed in Paragraph 1 above. RICK AZNARAN further agrees that he will maintain strict confidentiality and silence with respect to his experiences with the Church of Scientology and any knowledge or information he may have concerning the Church of

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D. RICK AZNARAN agrees to return to the CHURCH at the time of the consummation of this Agreement, all materials in his possession, custody or control of any nature - except for any materials he personally possesses that are generally publically available and sold by the Church or their authorized agents - any documents, papers, memorandums, tapes, films, photographs, or any variations thereof which concern or relate to the religion of Scientology or any of the persons or entities listed in Paragraph 1 above.

E. RICK AZNARAN agrees that he will not voluntarily assist or cooperate with any person adverse to the religion of Scientology in any proceeding against any of the Scientology organizations, or cooperate with any person adverse to any of the organizations, individuals, and entities listed in

Paragraph 1 above in any proceeding against any of the organizations, individuals, or entities listed in Paragraph 1 above. RICK AZNARAN also agrees that he will not cooperate in any manner with any organizations aligned against Scientology and any of the organizations, individuals, and entities listed in Paragraph 1 above.

F. RICK AZNARAN agrees not to testify or otherwise participate in any other judicial, administrative or legislative proceeding adverse to Scientology or any of the organizations, individuals or entities listed in Paragraph 1 above unless compelled to do so by lawful subpoena or other lawful process. Unless required to do so by such subpoena, RICK AZNARAN agrees not to discuss his experiences or personal or indirectly acquired knowledge or information concerning the organizations, individuals, or entities listed in Paragraph 1, with anyone other than members of his immediate family. RICK AZNARAN shall not make himself amenable to service of any such subpoena in a manner which invalidates the intent of this agreement. As provided hereinafter in Paragraph 16, the contents of this Agreement may not be disclosed.

G. RICK AZNARAN hereby acknowledges and affirms that he is not under the influence of any drug, narcotic, alcohol or other mind-influencing substance, condition or ailment such that his ability to fully understand the meaning of this Agreement and the significance thereof is adversely affected.

7. This Release Agreement contains the entire Agreement between the parties hereto, and the terms of this Release are contractual and not a mere recital. This Release may be

amended only by a written instrument executed by the undersigned. The parties hereto have carefully read and understand the contents of this Release Agreement and sign the same of their own free will, and it is the intention of the parties to be legally bound hereby. No other prior or contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto.

8. RICK AZNARAN agrees that he will not assist or advise anyone, including partnerships, associations or corporations, contemplating any claim or engaged in litigation or involved in or contemplating any activity adverse to the interests of any entity or class of persons listed above in Paragraph 1 of this Agreement.

9. The parties to this Agreement acknowledge that all parties enter into this Agreement freely, voluntarily, knowingly and willingly, without any threats, intimidation or pressure of any kind whatsoever and voluntarily execute this Agreement of their own free will.

10. In the event any provision hereof is unenforceable, such provision shall not affect the enforceability of any other provision hereof.

11. Each party warrants that it has had an opportunity to seek independent legal advice with respect to the advisability of making the settlement provided for herein and in executing this Agreement. Notwithstanding, RICK AZNARAN warrants that he fully understand the full nature and legal consequences of this agreement.

12. The parties to this Agreement acknowledge that all parties have conducted sufficient deliberation and investigation, either personally or through other sources of their own choosing, and have had the opportunity to seek advice of counsel regarding the terms and conditions set forth herein, so that they may intelligently exercise their own judgment in deciding whether or not to execute this Agreement.

13. The parties hereto acknowledge that they have not made any statement, representation or promise to the other party regarding any fact material to this Agreement except as expressly set forth herein. Furthermore, except as expressly stated in this Agreement, the parties in executing this Agreement do not rely upon any statement, representation or promise by the other party or of any officer, agent, employee, representative or attorney for the other party.

14. The parties to this Agreement agree that all parties have carefully read this Agreement and understand the contents thereof and that each reference in this Agreement to any party includes successors, assigns, principals, agents and employees thereof.

15. Each party warrants that the persons signing this Agreement have the full right and authority to enter into this Agreement on behalf of the parties for whom they are signing.

16. The parties hereto each agree not to disclose the contents of this executed Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into and executed this Agreement, on the date opposite their names.

Dated: 9 Apr 87

Rick Aznan
RICK AZNARAN

Dated: 13 April 1987

By: David Miller
RELIGIOUS TECHNOLOGY
CENTER

Dated: 14 April 1987

By: David Miller
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Dated: 13 April 1987

By: David Miller
CHURCH OF SCIENTOLOGY
CALIFORNIA

Dated: 12 April 1987

By: David Miller
CHURCH OF SPIRITUAL
TECHNOLOGY

Dated: 13 April 1987

By: John Miller
AUTHOR SERVICES INC

Dated: 13 April 1987

By: John Miller
ESTATE OF L. RON HUBBARD

Dated: 13 April 1987

By: John Miller
AUTHOR'S FAMILY TRUST

By: John Miller

DECLARATION OF VICKI J. AZNARAN

I, Vicki J. Aznaran, make the following declarations on personal knowledge except where the context indicates knowledge based upon information and belief.

1. My husband Richard Aznaran and I are plaintiffs in the instant action wherein defendants (hereinafter referred to collectively as "Scientology") have moved to strike our entire complaint and to prevent our attorneys from representing us.

2. As set forth in more detail below, my husband and I were involved with Scientology for approximately 15 years. For much of that time we were members of an organization known as the Sea Organization. This organization is an elite organization within Scientology. The Sea Organization has considerable influence and control over Scientology organizations. Generally, Sea Organization members hold the management posts within Scientology.

3. In 1978, after approximately four years as staff members, my husband and I joined the Sea Organization. From 1978 to early 1987, my husband and I worked most of our waking hours, with very few days off, at our various assignments within Scientology. I eventually became President of Religious Technology Center and, supposedly, the top "ecclesiastical" authority within Scientology. Richard was a high-level security officer. During this period my husband and I became intimately familiar with the structure and activities of various Scientology organizations. Among other things, I was briefed on and sometimes a participant in meetings involving litigation tactics and various

1 means used to attack and fight "enemies" of Scientology. In
2 numerous instances I was in the chain of command or approval for
3 such activities. The legal strategy of Scientology and the
4 existence of numerous potential legal problems, some of which are
5 set forth below, were known to me when I was a staff member in
6 Scientology. Contrary to what I understand to be claimed by
7 defendants herein, Mr. Yanny did not reveal to me the legal
8 strategies or secrets of Scientology. Nor did Mr. Yanny invent or
9 open my eyes to the wrongs that I had suffered at the hands of
10 Scientology.

11 4. I have become an "enemy" of Scientology. This has
12 certain consequences that will influence what Scientology will do
13 in this litigation. For example, it is important to understand
14 that their value system allows dishonesty if done in the name of
15 Scientology.

16 5. Enemies of Scientology are deemed to be "suppressive
17 persons" ("SPs"). One becomes a "suppressive person" by doing a
18 suppressive act, such as suing Scientology as a litigant or
19 lawyer. In the jargon of Scientology, when one is "declared" this
20 means that one has been declared a "suppressive person" and,
21 therefore, may be harassed, hurt, damaged or destroyed without
22 regard to truth, honesty or legal rights. It is considered
23 acceptable within Scientology to lie, cheat, steal and commit
24 illegal acts in the name of dealing with a "suppressive person".

25 6. This practice or policy is sometimes referred to as the
26 policy of "fair game". In the jargon of Scientology, a person who
27 is "declared" is understood to be a suppressive person. This
28 means that the person is "fair game". The fair game policy was

1 issued in the 1960s. It was never cancelled. A document was
2 issued for public relations reasons that purportedly cancelled
3 "fair game"; however, that document stated that it did not change
4 the manner of handling persons declared "SP." In reality, the
5 purported cancellation of fair game is at most a matter of
6 semantics. Enemies of Scientology are treated as "fair game."

7 7. It is my understanding, and I have so testified in my
8 deposition, that when my husband and I escaped from Scientology we
9 were not immediately declared suppressive persons or subjected to
10 the fair game policy. Among other things, we were compelled to do
11 certain things and sign various documents to escape and avoid
12 being subjected to fair game treatment. As we have now sued
13 Scientology, we are "fair game".

14 8. From 1984 through early 1987, I was President of
15 Religious Technology Center (hereinafter "RTC"). As President of
16 RTC and a Sea Organization member, I attended many meetings
17 concerning the numerous legal actions involving Scientology
18 organizations. During this time period, I had personal access to
19 all legal documents having to do with RTC. I received a report
20 every day on my computer that included a synopsis of each ongoing
21 legal case involving Scientology. I received, or so I was told,
22 copies of every major motion filed in cases involving Scientology.
23 I was on the "approval lines" for legal documents dealing with
24 RTC. During this time period, I had the option of attending legal
25 meetings although some were mandatory. I attended many litigation
26 meetings and became generally aware of Scientology's dirty tricks
27 and legal maneuvers. On specifics, I frequently deferred to
28 in-house and outside counsel, however, at least in theory, I was

1 the head of RTC and had access to any business or litigation
2 "secrets" of Scientology.

3 9. As President of RTC, I was one of those responsible for
4 retaining the services of Joseph Yanny as counsel for Scientology
5 organizations. I supervised and worked with Mr. Yanny who served
6 as coordinating attorney for RTC in 1985. I am not aware of any
7 legal or corporate information concerning RTC that was available
8 to Mr. Yanny but not available to me.

9 10. I am informed and believe that various Scientology
10 organizations are contending that Mr. Yanny has somehow improperly
11 educated me on the legal maneuvers, tactics and affairs of
12 Scientology. Although such claims are consistent with litigation
13 tactics of Scientology, which are not constrained by considera-
14 tions such as truth and reality, the proposition that I need
15 Mr. Yanny to educate me on the internal affairs of Scientology is
16 simply wrong. I was one of the highest ranking members of
17 Scientology and was involved in upper management. Mr. Yanny was a
18 lawyer hired by management, of which I was a part, to work for it.
19 Further, it was the practice during the time period in question to
20 screen the information given to outside counsel such as Mr Yanny.

21 11. It is the stated policy and practice of Scientology to
22 use the legal system to abuse and harass its enemies. This crude,
23 fundamental directive of Scientology is no secret. In any event,
24 this information did not come to me from Mr. Yanny. The policy is
25 to do anything and everything possible to harass the opposing
26 litigant without regard to whether any particular motion or
27 maneuver is appropriate or warranted by the facts or applicable
28 law. That policy was followed in every legal case I was involved

1 with or learned about while a member of the Sea Organization. The
2 management of Scientology consistently expressed and demonstrated
3 a complete disdain for the court system viewing it as nothing more
4 than a method to harass enemies. Some examples of this are set
5 forth below.

6 12. During litigation between Gerald Armstrong and
7 Scientology, which was before Judge Breckenridge of Superior Court
8 for Los Angeles County, the court ordered the production of
9 Armstrong's pre-clear ("PC") folders. These are files maintained
10 by Scientology on those who submit to interrogation sessions in a
11 process called auditing. During the course of that litigation I
12 was ordered to go through Armstrong's folders and destroy or
13 conceal anything that might be damaging to Scientology or helpful
14 to Armstrong's case. As ordered, I went through the files and
15 destroyed contents that might support Armstrong's claims against
16 Scientology. This practice is known within Scientology as
17 "culling PC folders" and is a common litigation tactic employed by
18 Scientology.

19 13. During other litigation in Los Angeles known to me as
20 the Wollersheim case, I was told that the judge had ordered the
21 production of Wollersheim's folders. As ordered, I "culled" these
22 files. In other words, I removed contents that might have been
23 damaging to Scientology or support Wollersheim's claims against
24 Scientology. For example, I removed evidence of events involving
25 his family, the anguish this caused him, evidence of disconnection
26 from family and evidence of fair game.

27 14. I was involved in numerous meetings concerning what is
28 known to me as the Christofferson case in Portland, Oregon. This

1 case was tried twice. In the first case, a Scientology witness by
2 the name of Martin Samuels was coached and drilled for hours on
3 how to lie convincingly or avoid telling the truth. Before or
4 during the second trial he admitted to this course of conduct. In
5 this litigation, a Scientologist by the name of Joan Shriver
6 produced responsive documents that may have been incriminating.
7 This was a serious breach of policy for which she was punished.
8 These documents were ordered produced on such short notice that
9 apparently files were not thoroughly "culled". In another case,
10 Mr. Yanny was severely criticized and almost fired for failing to
11 properly coach and feed the desired answers to Heber Jentzsch.
12 Mr. Jentzsch was, for public relations reasons, the purported head
13 of the Church of Scientology International. During his deposi-
14 tion, Mr. Jentzsch was unable to answer fundamental questions
15 concerning the management of Church of Scientology International.
16 This may be what certain defendants are referring to when they say
17 that they were dissatisfied with Mr. Yanny's services and I
18 protected him. There were those, including McShane, who were
19 outraged by the embarrassing testimony of Mr. Jentzsch. This was
20 blamed on Mr. Yanny. I did not wish to discontinue using
21 Mr. Yanny at RTC for this perceived problem.

22 15. In November, 1985, I was present at a meeting whereat
23 Earle Cooley, a Scientologist lawyer, Lyman Spurlock and Norman
24 Starkey, all high ranking Scientologists, announced that they were
25 going to contact Judge Mariana Pfaelzer. Earlier that day Judge
26 Pfaelzer had denied a Scientology motion for a temporary
27 restraining order. After losing on the application there was a
28 meeting to determine what to do about the situation. At the

1 meeting Mr. Cooley had a file that purportedly contained back-
2 ground and personal information on Judge Pfaelzer. During the
3 meeting Mr. Cooley and the others announced that they were going
4 to attempt to meet with Judge Pfaelzer that evening, at her house
5 if necessary, concerning the litigation in which the temporary
6 restraining order had been sought. Thereafter, Mr. Cooley and two
7 others left with their file on Judge Pfaelzer. They returned
8 several hours later at which time I was told that their attempts
9 to contact Judge Pfaelzer had been unsuccessful.

10 16. In late 1979 and early 1980, there was a massive docu-
11 ment destruction program undertaken to destroy any evidence
12 showing that L. Ron Hubbard ("LRH") controlled Scientology. I
13 participated in this activity in Clearwater, Florida and am
14 informed that there was also intensive document destruction at
15 facilities in Gilman Hot Springs, California. From at least that
16 point onward there was a continuous effort to hide or destroy any
17 evidence of Hubbard's control. For example, during an IRS in-
18 vestigation in 1984 and 1985, while in bed with pneumonia, I was
19 ordered out of bed by Norman Starkey who told me that they had
20 received a tip from a Los Angeles Police officer advising them of
21 a pending IRS raid in Los Angeles. Mr. Starkey ordered me to go
22 to a computer facility and insure that all information on the
23 computers in Los Angeles that might show Hubbard's involvement and
24 control of Scientology's money was destroyed except for one copy
25 of each document. These copies were to be saved on computer discs
26 which were to be hidden in secure storage places. At the time I
27 was also instructed to destroy anything that would show the
28 control of Mr. Starkey or Mr. Miscavige over Scientology.

1 17. I have been informed and believe that a an improper
2 affidavit was filed in a case brought by L. Ron Hubbard, Jr. in
3 Riverside, California. The circumstances were as follows: The
4 document purported to be an affidavit of L. Ron Hubbard. The
5 signature of Hubbard was purportedly notarized by David Miscavige.
6 It is my understanding that this affidavit caused the case to be
7 dismissed. Subsequently, I was told by Pat Broeker, who had been
8 living with Hubbard at the time, and by Miscavige, that Miscavige
9 had not seen Hubbard between 1980 and Hubbard's death in 1986.
10 Accordingly, the affidavit was apparently signed, notarized and
11 dated during a time period when Hubbard was in seclusion and not
12 seen by the person who purportedly notarized the signature of
13 Hubbard.

14 18. In or about 1981, while working in a Scientology organi-
15 zation known as the Guardian's Office, I had access to and
16 observed various written and oral communications pertaining to
17 illegitimate activities participated in by the Guardian's Office.
18 The Guardian's Office attempted to infiltrate both governmental
19 and private agencies including the IRS, the Department of Justice,
20 the American Medical Association and the National Institute of
21 Mental Health. The purpose of this was to steal documents pur-
22 suant to Hubbard's "Snow White" program. The goal of this program
23 was to eliminate any negative reports about Hubbard and
24 Scientology that may have been held by these various agencies.

25 19. While involved in Scientology I became aware of various
26 operations directed against an author who had written a negative
27 book about Scientology. The author, Paulette Cooper, was sub-
28 jected to various forms of harassment. One operation included an

1 attempt to frame her. A false bomb threat was written. A
2 Scientology agent lifted a fingerprint from Cooper's apartment.
3 These fingerprints were then transferred to the bomb threat
4 letter. Ms. Cooper was subjected to an investigation and was not
5 cleared until an FBI raid resulted in the seizure of Scientology
6 documents that exposed the operation as a frame-up. There was at
7 least one other operation directed against Ms. Cooper. The
8 substance of it was to plant a boyfriend to reinforce and play
9 upon her suicidal tendencies in the hopes that she would commit
10 suicide.

11 20. In 1976 and 1977, the then Mayor of Clearwater, Florida,
12 Gabe Cazares was involved with litigation against Scientology.
13 Arrangements were made to have an attorney by the name of Merril
14 Vanniere, a Scientologist, represent Mr. Cazares and sabotage his
15 case. This plot was also exposed by documents obtained in an FBI
16 raid of a Scientology facility. Also, in response to Mr. Cazares'
17 litigation against Scientology, an attempt was made to implicate
18 Mr. Cazares in a staged hit-and-run accident.

19 21. During the time period of my involvement with
20 Scientology, I also learned of various attempts to influence
21 judges or force their removal from cases. For example, a private
22 investigator named Dick Bast obtained a statement from a prosti-
23 tute concerning involvement with a certain judge in Washington,
24 D.C. who was sitting on a Scientology case. This was then pub-
25 licized. The judge did not continue on the case. The same
26 investigator, Dick Bast was also hired for the purpose of at-
27 tempting to force the removal of a judge in Tampa, Florida. This
28 involved what I know as the Burden case, which was civil

1 litigation brought by Michael Flynn. Dick East secured a yacht
2 and attempted to get the judge on board for the purpose of filming
3 him under compromising circumstances. The judge declined to go
4 yachting and the operation was unsuccessful. Approximately
5 \$250,000.00 was spent on the operation.

6 22. I have been informed by Mark (Marty) Rathbun, a high
7 ranking Scientologist, that his private investigator, Gene Ingram,
8 "fed" a confession to Ala Tamimi when visiting him in an Italian
9 prison. This false confession was, in substance, that Tamimi had
10 been involved in a bad check scam involving an account of L. Ron
11 Hubbard. This false confession implicated attorney Michael Flynn
12 in the check scam. Michael Flynn was at the time considered a
13 major enemy of Scientology because he represented numerous clients
14 with claims against Scientology. This purported confession was
15 used to slander and attack Michael Flynn. Michael Flynn has also
16 been sued by Scientology as part of its "strategy" for handling
17 enemies.

18 23. During an IRS criminal investigation in the 1984 to 1985
19 time period, the IRS ordered production of various communications
20 between Hubbard and Author Services, Inc. (ASI). The ASI staff
21 worked literally day and night for several days reviewing docu-
22 ments so that unfavorable documents could be destroyed or other-
23 wise concealed from the IRS. Lyman Spurlock and Marion M. Dendui,
24 Scientologists involved in this operation, informed me of this
25 operation. Also during this IRS investigation, my husband, Rick
26 Aznaran, was ordered to remove and conceal any incriminating
27 documents from certain locations. He was also directed to make
28 the computer network "raid proof". This involved creating a

1 system where incriminating documents could be deleted from
2 computer storage rapidly and before the IRS could obtain control
3 over the computers.

4 24. In 1985, I attended a conference on "squirrels" attended
5 by Miscavige, Starkey, Spurlock, and McShane, members of top
6 management, and others. In Scientology jargon, "squirrels" are
7 people who use or practice some procedures also used by
8 Scientology but who do not submit to the total control of the
9 Scientology organization and, perhaps most importantly, who do not
10 pay a percentage of their auditing or counseling fees to
11 Scientology. At this meeting, David Miscavige ordered that public
12 Scientologists be organized and motivated to physically attack
13 squirrels and disrupt their operations. This was stated to be
14 pursuant to the standard guidelines of Scientology. Pursuant to
15 such directives, efforts were undertaken to intimidate and disrupt
16 these persons and their organizations.

17 25. In 1981, operation "Juggernaut" was commenced. The
18 purpose of this was to destroy Michael Flynn who, as stated above,
19 was representing various plaintiffs with litigation against
20 Scientology. This operation contemplated the use of infiltration,
21 propaganda and attempts to persuade clients to turn against him.

22 26. The Guardians' Office got into so much trouble, and
23 worse yet got caught, that it was decided in the early 1980's that
24 the Guardians' Office should be disbanded. This was purely a
25 public relations gimmick. In short, it was decided that the
26 Guardians' Office and Mary Sue Hubbard, its then leader, were to
27 take the rap for all criticism and improper conduct. This scheme
28 was laid out in various written communications I observed in 1981

1 and 1982. (Of course, I was not allowed to keep or escape from
2 Scientology with any such incriminating documents.)

3 27. Since the early 1970's, Scientology has operated a
4 forced labor camp known as the Rehabilitation Project Force
5 ("RPF"). Staff members are incarcerated in the RPF for various
6 real or imagined offense. People confined at this camp are forced
7 to perform hard physical labor every day. They eat rice and
8 beans, or left-overs, and wear rags. They are deprived of suf-
9 ficient sleep. In 1987, I was confined in such a camp at Happy
10 Valley for approximately six weeks. I worked all day and was
11 confined in a room at night. To the best of my knowledge I was
12 guarded 24 hours a day. They would not even let me shower alone.
13 I had to obtain permission to use a bathroom. I was ill and not
14 allowed to obtain medical treatment. I was not allowed to com-
15 municate with my husband nor was I allowed to obtain adequate
16 sleep. I was told that I had gone insane and that my husband did
17 not want to communicate with me. I was physically and psycho-
18 logically abused both at Happy Valley and for numerous days
19 thereafter in a process called "security checking". Much over-
20 simplified, I was grilled on a primitive lie detector called an
21 E-Meter and made to understand that I would not be released, have
22 my property returned, or escape fair game policy unless I even-
23 tually gave all of the "right" answers. Examples of "right"
24 answers were responses that I would not talk to a lawyer or
25 consider suing Scientology. I had to give such answers before
26 being released.

27 28. Recovering from the years of brainwashing, thought
28 control and propaganda to which Scientology subjected me is a

1 gradual process that I do not fully understand. I am not a
2 psychologist or psychiatrist and do not fully understand the
3 ramifications of what I have been through although I can observe
4 and experience many symptoms. I have many nightmares and a fear
5 of Scientology.

6 29. The suit brought by Richard Aznaran and myself is based
7 upon real events that happened to real people, namely us. Just as
8 my husband and I do not need Mr. Yanny to educate us on any
9 secrets of Scientology, it is simply untrue that our claims were
10 somehow invented or manufactured by Mr. Yanny. The whimsical
11 notion that Mr. Yanny invented this litigation through my husband
12 and me is simply false.

13 30. My husband and I consider Mr. Yanny to be a friend.
14 Further, it might be noted that Mr. Yanny was to serve as my
15 personal counsel in a class action against Scientology and
16 numerous individuals including myself. Recent events have changed
17 this, however, there was a period of time when Mr. Yanny was
18 purportedly designated as my personal counsel with the approval of
19 Scientology.

20 31. My husband and I feel quite strongly that we want Barry
21 Van Sickle and the firm of Cummins & White to represent us in this
22 case. Our reasons are both subjective and objective. We do not
23 wish to list our subjective reasons, although we will do so if the
24 Court requests it. Objectively, it might be noted that we had
25 considerable difficulty finding counsel willing and in a position
26 to undertake this extremely volatile, time consuming and expensive
27 litigation. We are unable to pay hourly rates to pursue our
28 claims and need a firm willing to work with us on a contingency

1 fee basis. I anticipate great difficulty, delay and prejudice if
2 forced to find other counsel.

3 32. Based upon my experience within Scientology and as a
4 litigant against it, I understand that this is not routine liti-
5 gation. If I am forced to find other counsel, prospective counsel
6 will be presented with the following situation:

7 (a) A complex case that must be handled on a contin-
8 gency fee and cost-advanced basis;

9 (b) A case that requires a litigation team and sub-
10 stantial financial resources;

11 (c) A case involving an opponent who has a practice and
12 history of suing opposing lawyers as a tactic in addition to
13 subjecting opposing lawyers to surveillance, depositions, infil-
14 tration, bad publicity and the full ramifications of the fair game
15 policy;

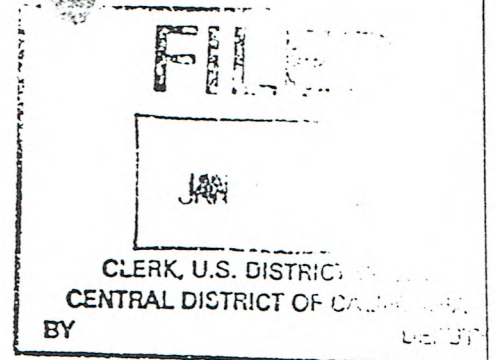
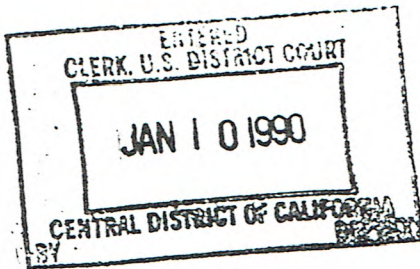
16 (d) A case where the opponent is not constrained by a
17 need to be cost effective, truthful, honest or reasonable; and

18 (e) A case that requires extraordinary security
19 precautions.

20 I declare under penalty of perjury under the laws of the
21 State of California that the foregoing is true and correct.

22 Executed this 8th day of August, 1988, in Dallas, Texas.

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25 VICKI J. AZKARAN
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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

1/12/90
cc clerk
58

VICKI J. AZNARAN and
RICHARD N. AZNARAN,

Plaintiffs,

v.

CHURCH OF SCIENTOLOGY OF
CALIFORNIA, et al.,

Defendants.

RELIGIOUS TECHNOLOGY
CENTER, et a.,

Counterclaimants,

v.

VICKI J. AZNARAN and
RICHARD N. AZNARAN,

Counterdefendants.

CV 88-1786 JMI (Ex)

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HUB LAW OFFICES

ORDER DENYING DEFENDANTS'
MOTION FOR PRELIMINARY
INJUNCTION

IT IS HEREBY ORDERED:

1. The defendants' motion for preliminary injunction
pursuant to Rule 65 of the Federal Rules of Civil Procedure is
DENIED.

1 2. The defendants seek a preliminary injunction enforcing
2 the waiver and release agreements entered into between the
3 parties on April 9, 1987. The defendants contend that they are
4 likely to succeed in demonstrating that the agreements are
5 enforceable and they will suffer irreparable harm if the Court
6 does not issue the injunction. The defendants also request a
7 separate evidentiary hearing on the issues raised by the instant
8 motion, including questions of fact concerning the validity and
9 effect of the agreements signed by plaintiffs.

10 3. In this Circuit, a preliminary injunction is available
11 to a party who demonstrates either: (1) a combination for
12 probable success and the possibility of irreparable harm, or (2)
13 that serious questions are raised and the balance of hardships
14 tips in its favor. These two formulations represent two points
15 on a sliding scale in which the required degree of irreparable
16 harm increases as the probability of success decreases. Arcamuzi
17 v. Continental Air Lines, 819 F.2d 935, 937 (9th Cir. 1987),
18 quoting from Oakland Tribune, Inc., v. Chronical Publishing Co.,
19 76 F.2d 1374, 1376 (9th Cir. 1985).

20 4. In the instant action, defendants' motion merely attempt
21 to relitigate the issue of the validity of the release. The Court
22 has already determined in ruling upon defendants' previous motion
23 for summary judgment and motion for reconsideration that the
24 validity of the release is a jury question because there is a
25 genuine issue of material fact as to whether plaintiffs consented
26 to the release. The Court has also ruled that it would be an

unnecessary expenditure of time to have a separate trial on the validity of the release.

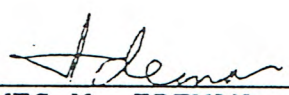
The Court further finds that it is unlikely that defendants will succeed in proving the validity of the release because there is substantial evidence in the record that plaintiffs did not consent to the release. Defendants have not shown that they will suffer irreparable harm since mere injuries, however substantial, in terms of money, time and energy expended in defending a lawsuit are not enough to making a finding of irreparable injury. Sampson v. Murray, 415 U.S. 61, 90 (1974). Defendants do not also have any facts to support its conclusion that plaintiffs are judgment proof. Defendants additionally fail to state in what ways plaintiffs' conduct of helping others in litigation against defendants have irreparably hurt them since claims of irreparable injury must be supported by evidence of actual injury. Speculative losses are not enough. Goldie's Bookstore v. Superior Court, 739 F.2d 466, 472 (9th Cir. 1984). Furthermore, any damage to defendants' good will is compensable in monetary damages. Los Angeles Memorial Coliseum v. NFL, 634 F.d 1197, 1202 (9th Cir. 1980).

Although defendants raises serious questions about the validity of the release, the balance does not tip sharply in defendants' favor because plaintiffs would suffer prior restraint on their first amendment rights to freedom of speech, freedom of the press and freedom of association by granting the instant motion. Elrod v. Burns, 427 U.S. 347, 373-74 (1976) (the loss of

1 First Amendment freedoms, even briefly, without doubt constitutes
2 irreparable injury). Thus, defendants' motion is denied.

3 IT IS SO ORDERED.

4 DATED: 8 Jan 90

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8 JAMES M. IDEMAN

9 United States District Judge
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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF LOS ANGELES

--oOo--

CHURCH OF SCIENTOLOGY INTERNATIONAL,
a California not-for-profit religious
corporation,

COPY

Plaintiff,

vs.

No. BC 052395

GERALD ARMSTRONG; DOES 1 through 25,
inclusive,

Defendants.

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HUB LAW OFFICES

DEPOSITION OF

GERALD ARMSTRONG

Wednesday, July 22, 1992

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REPORTED BY: KATHERINE NG, CSR NO. 6350

I N D E XEXAMINATION BY:PAGE

MR. WILSON:

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IDENTIFICATIONDESCRIPTIONPAGE

No. 7	16-page declaration by Gerald Armstrong	182
No. 8	Two-page Supporting Declaration of Gerry Armstrong to Defendants' and Counter-Claimants' Opposition to Plaintiffs' and Counter-Defendants' Motion for Protective Order Re Fifth Request for Production of Documents or Things and For Sanctions	219

--oOo--

1 there haven't been any communications with the Aznerans.

2 Q. Okay. All right. When was the last time you
3 worked on the Azneran case as a paralegal?

4 A. Well, again, if by that you mean that because
5 I'm a paralegal I answered the phone when Vicky was
6 calling, am I working on the Azneran case as a paralegal?

7 If you say that that's not the case and that's
8 not the way you construe paralegal activity with regard
9 to a case, then I would say that it's quite some time
10 ago.

11 Q. That's how I do understand paralegal activity.
12 It's not just that you answer the phone.

13 A. So it's not just clerical duties that I would
14 do with any, any case?

15 Q. I will define it this way. If you answer the
16 phone because one of your duties is to answer the
17 telephone in the office, that is not a part of your
18 duties as a paralegal on the Azneran case.

19 But if you summarize a deposition, if you
20 prepare pleadings, if you file pleadings, it's a
21 paralegal duty. If you type pleadings, it's a paralegal
22 duty.

23 A. Right. None of those things.

24 Q. When you say "quite some time," can you give me
25 a little bit more specifics on that and how long has it

1 been since you have done any paralegal work on the case?

2 A. Boy, I think probably, I think probably
3 September '91.

4 Q. Okay. Of course paralegal duties would include
5 communications from the Aznerans. Except if the
6 communication was "have Mr. Greene call me," I wouldn't
7 consider that a paralegal duty. But if the communication
8 was anything substantive with regard to the case, I would
9 consider that a paralegal duty, so would that change your
10 answer? Since September of '91, have there been any
11 substantive communications about the case with the
12 Aznerans without revealing the communication?

13 MR. GREENE: That's fine. Go ahead and answer
14 it.

15 THE WITNESS: Okay, then the answer is no.

16 MR. WILSON: Q. Getting back to this
17 declaration, paragraph 3, and the sentence that goes from
18 line 27 onto line 1 through the end of the paragraph
19 which is on page 2 at line 2, you say, quote,

20 "In that declaration, I waived" -- and you
21 refer to a previous deposition -- "I
22 waived the attorney-client privilege
23 between Mr. Flynn and me only to our
24 conversations concerning the settlement,
25 and I reiterate that waiver at this

1 or months after it happened that you became aware of it?

2 A. Probably weeks.

3 Q. And you are aware now that Mr. Greene has again
4 been associated as associate of record in that case?

5 A. Right.

6 Q. And I take it you were aware of that fact
7 approximately at the time it happened?

8 A. Yes.

9 Q. And in the intervening period when Mr. Greene
10 was not counsel of record, I take it you did no work on
11 the Azneran case at all?

12 A. Again when you say no work on the Azneran case,
13 we're using the same definition of paralegal?

14 MR. GREENE: Gerry, it's a simple question and
15 again it's a "yes" or "no" answer.

16 THE WITNESS: In that I received phone calls at
17 that time or relayed phone calls then which may have
18 related to the Azneran case, then, yes, I did.

19 MR. WILSON: Q. It's possible that you may
20 have relayed a phone message that related to the Azneran
21 case; is that right?

22 A. Right.

23 Q. Except for that, have you done any work on the
24 Azneran case?

25 A. Except for phone messages?

1 Q. Right.

2 A. Routed or logged, mailed articles.

3 Q. Would that be the same way a receptionist or
4 secretary would send mail around the office?

5 A. Exactly, right.

6 Q. And except for that, have you done anything
7 related to the Azneran case?

8 A. I believe that anything I have done relating to
9 the Azneran case has been that sort of office clerk,
10 secretary in nature.

11 Q. Can you remember any of the specific things
12 that you have done, whether they're office clerk,
13 secretary or not?

14 MR. GREENE: And just a sec, can we get this
15 clear? This series of questions started out, according
16 to my recollection, directed toward the hiatus period
17 when I had been counsel, then I was not counsel. Now,
18 you're asking if it was in the in-between time?

19 MR. WILSON: That's right.

20 MR. GREENE: So now the scope unintentionally
21 has broadened, so that's okay. If we're going back to --

22 MR. WILSON: No, we're not.

23 MR. GREENE: -- pre-September '91.

24 I want to make sure the question is clear,
25 because your question is less clear to me.

1 MR. WILSON: Q. I'm only talking about the
2 period when Mr. Greene was out of the Azneran case.

3 A. Before July of '91?

4 MR. GREENE: No.

5 MR. WILSON: Q. Whenever he got out of the
6 Azneran case, between that time and the time he got back
7 in.

8 A. So like June of '91 through July of '91.

9 MR. GREENE: July 24.

10 THE WITNESS: So from June 6 '91 through July
11 of '91, no, I didn't do any of those things.

12 MR. WILSON: I thought that.

13 MR. GREENE: There's a fundamental factual
14 problem there. There's two --

15 MR. WILSON: I was speaking of the later one.

16 MR. GREENE: Because there was some time I
17 believe in February of '92 to earlier this month where
18 Elstead was the sole attorney of record for the Aznerans.

19 MR. WILSON: Q. That's the period of time when
20 I'm talking about, February of '92 until the time Mr.
21 Greene recently substituted back into the case.

22 A. So whenever, back to your definition of
23 paralegal work, I didn't do any.

24 Q. And anything you did was taking messages or
25 routing documents; is that correct?

1 A. The secretarial work for Mr. Greene.

2 Q. And can you remember any specific things you
3 did, whether it was secretarial or not?

4 A. Without getting into exactly what they were,
5 that is, the subject matter, copying, mail logging,
6 routing, relaying messages, taking messages.

7 Q. Okay. Let me ask you this question. Back to
8 Mr. Elstead, have you done any other work for Mr.
9 Elstead, other than on the Azneran case?

10 MR. GREENE: In any capacity?

11 MR. WILSON: Right.

12 THE WITNESS: In that Mr. Elstead requested me
13 to testify in the Hunziker case and that I did agree and
14 in that I did testify at deposition, that's what I did
15 for him.

16 MR. WILSON: Q. And what is the Hunziker case?

17 A. It's the case of Steven Hunziker versus Applied
18 Materials.

19 Q. And what did Mr. Elstead ask you to do in that
20 case?

21 A. He asked me if I would testify.

22 Q. In what capacity? What did you know about the
23 case that he wanted you to testify about?

24 A. The case involved Scientology courses being
25 taught at the Applied Materials Company, and he wanted me